

Manitoba  
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THE PROVINCE OF MANITOBA

# **Annual Report**

PROVINCE DU MANITOBA

# **Rapport Annuel**

For The Year Ended March 31, 2013

Pour l'exercice terminé le 31 mars, 2013

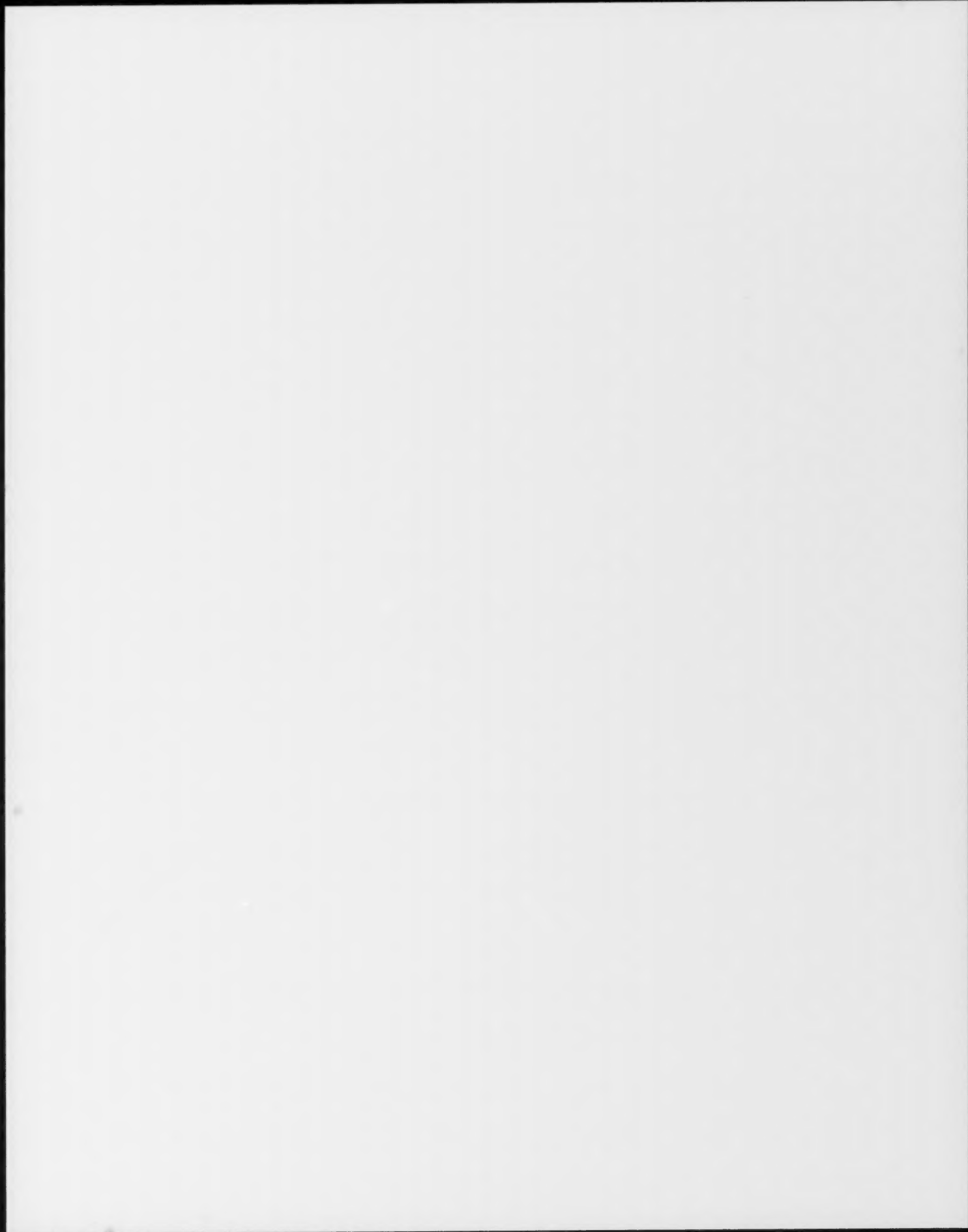
## **INCLUDES:**

The Year End Review | Economic Report  
Financial Statement Discussion and Analysis Report  
Public Accounts – Volume 1

## **SOMMAIRE :**

Bilan de L'année | Rapport économique  
Rapport d'analyse des états financiers  
Volume 1 des comptes publics

**Manitoba** 





MINISTER OF  
FINANCE

Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

HIS HONOUR PHILIP LEE  
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of the Province of Manitoba for the year ended March 31, 2013. This document completes the government's accountability reporting for the year. The Report includes a review of the year's results relative to the government's budget. It also contains economic statistics and indicators of the financial health of the Province.

Included in this Annual Report is Volume 1 of the Public Accounts. The Public Accounts contain the summary financial statements of the government reporting entity and management's financial statement discussion and analysis report.

Honourable Stan Struthers  
Minister of Finance

Office of the Minister of Finance  
September, 2013



MINISTER OF  
FINANCE

Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

SON HONNEUR PHILIP LEE  
Lieutenant-gouverneur de la province du Manitoba

Votre Honneur,

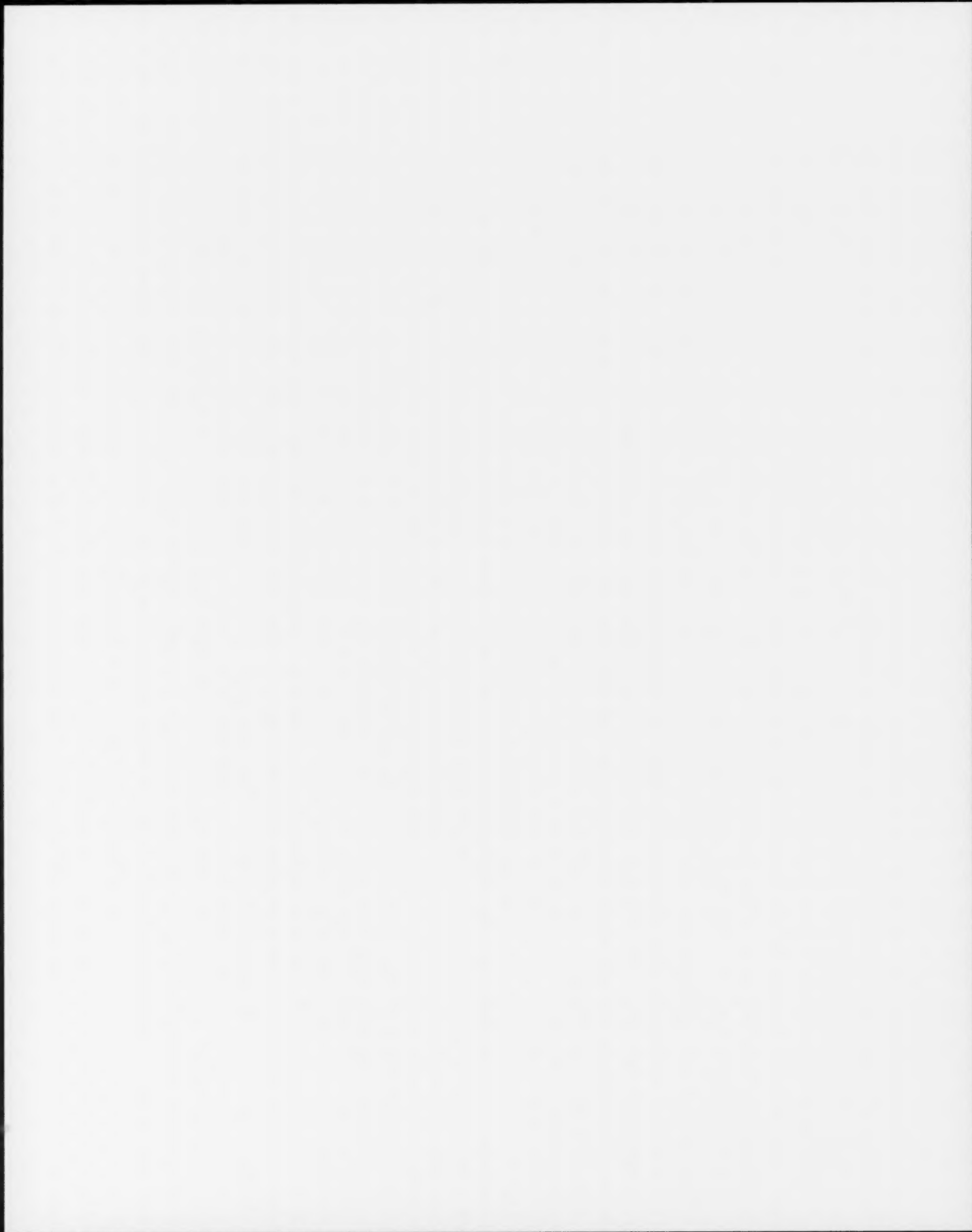
J'ai le privilège de vous présenter, à titre informatif, le rapport annuel de la province du Manitoba pour l'exercice qui s'est terminé le 31 mars 2013. Ce document complète le compte rendu des activités du gouvernement pour cet exercice. Le rapport comprend une récapitulation des résultats de l'exercice par rapport au budget du gouvernement. Il contient également des statistiques économiques et des indicateurs de la santé financière de la province.

Ce rapport annuel inclut le Volume 1 des comptes publics. Les comptes publics contiennent les états financiers sommaires de l'entité comptable du gouvernement, ainsi que les commentaires et analyses de la direction à ce sujet.

Monsieur Stan Struthers  
Ministre des Finances

Cabinet du ministre des Finances  
Septembre 2013





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## YEAR-END REVIEW

## BILAN DE L'ANNÉE

I am pleased to present the Province's Annual Report for the fiscal year ended March 31, 2013, that contains the financial statements for the year and reports of fiscal and economic performance.

J'ai le plaisir de vous présenter le rapport annuel de la Province pour l'exercice financier qui s'est terminé le 31 mars 2012 et qui contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques de la province.

Our summary financial statements show a net loss of \$580 million for the year ended March 31, 2013, consistent with the forecast in the Third Quarter Financial Report but higher than budgeted as a result of pressures in the areas of public safety and supports to children and families. The global economic conditions continued to set the tone for overall growth, however Manitoba's relative performance reflects diversity and balance in the economy. Net debt to GDP was 26.8%, an improvement from 27.4% in Budget 2012.



Nos états financiers sommaires montrent une perte nette de 580 millions de dollars pour l'exercice terminé le 31 mars 2013, ce qui est conforme aux prévisions du rapport financier du troisième trimestre et supérieur à ce qui était prévu dans le Budget en raison des pressions dans les domaines de la sécurité publique et des soutiens aux enfants et aux familles. La conjoncture mondiale continue d'être propice à la croissance globale, toutefois la performance relative du Manitoba reflète la diversité et l'équilibre de son économie. La dette nette par rapport au PIB était de 26,8 %, une amélioration par rapport au 27,4 % du Budget 2012.

The annual report continues to improve the accountability and transparency of public sector bodies and, in the Financial Statement Discussion and Analysis section, reports progress on key long-term indicators, established as recommended practices by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

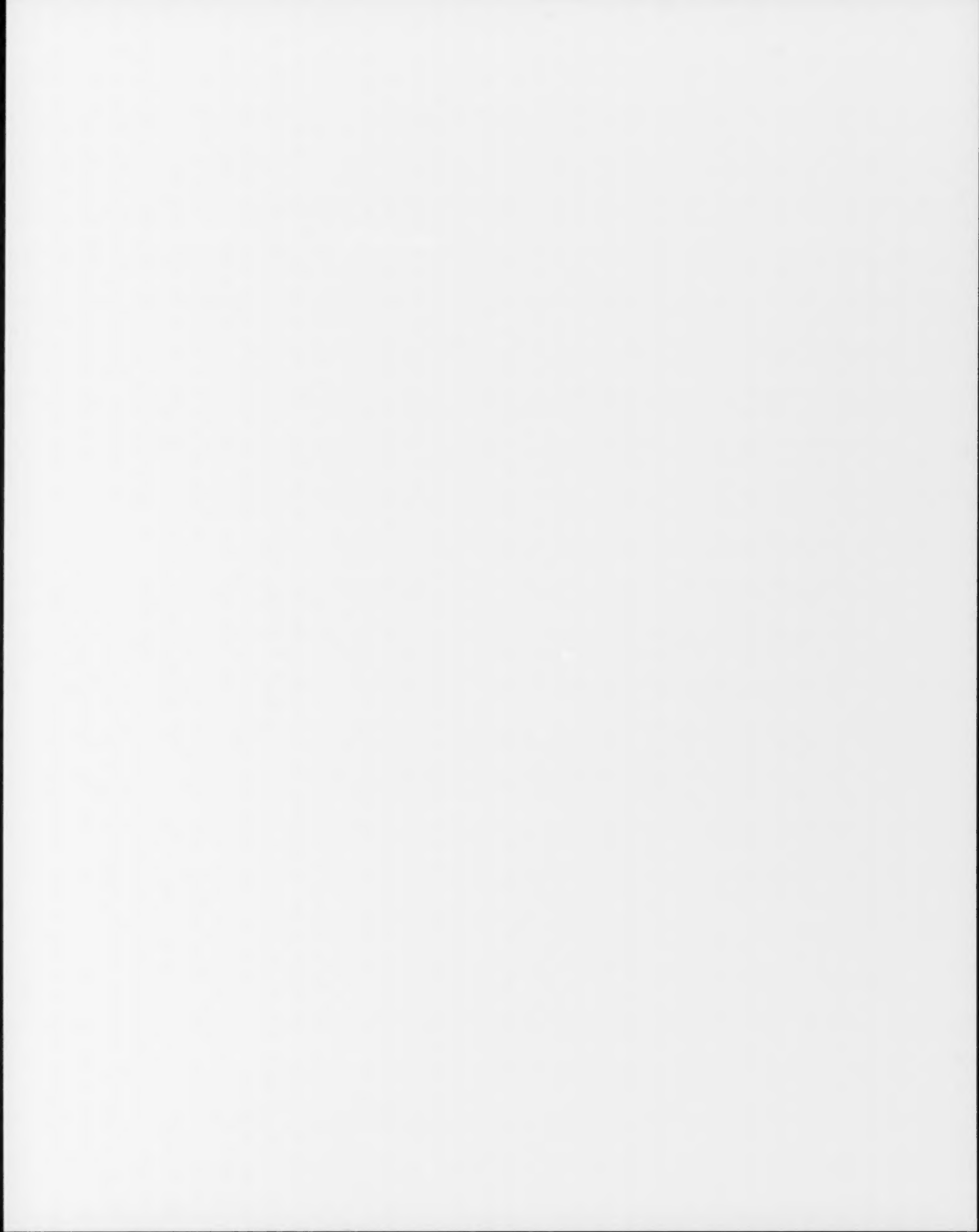
Le rapport annuel continue d'améliorer la transparence et l'obligation redditionnelle des organismes du secteur public et, dans la partie réservée à l'analyse des états financiers, fait état des progrès accomplis relativement aux indicateurs à long terme établis comme pratiques recommandées par le Conseil sur la comptabilité dans le secteur public de l'Institut Canadien des Comptables Agréés.

I am pleased to be able to provide Manitobans with the Summary results and our Government will continue our efforts to achieve the objectives and results outlined in our Financial Management Strategy.

Je suis heureux de pouvoir faire part aux Manitobains des résultats sommaires. Le gouvernement continuera à déployer des efforts pour atteindre les objectifs et les résultats soulignés dans sa Stratégie de gestion financière.

Respectfully submitted  
Honourable Stan Struthers  
Minister of Finance

Le tout respectueusement soumis.  
Monsieur Stan Struthers  
Ministre des Finances



## ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

In 2012, a sharp rebound in crop production, after two years of notable losses from excess precipitation and flooding, propelled Manitoba's real GDP growth to the second highest among provinces, according to Statistics Canada. Manitoba diverged from the national trend by increasing growth while Canada and all other provinces experienced a deceleration of growth, in line with slower global economic activity.

Overall, Manitoba's economic performance reflected mixed results in 2012. Growth was led by a rebound in agriculture, and on solid growth in construction and oil activity. Measured weakness was recorded in wholesale trade, information and culture, and public administration. Increases in residential and non residential capital investment were partially offset by a sizable decline in exports to non-U.S. markets, slower manufacturing sales and modest growth in retail sales.

The boost from agriculture lifted overall real GDP growth to 2.7% in 2012. In comparison, the Canadian economy expanded 1.7%. Industrial output in Manitoba's goods-producing sector increased 5.2% in 2012. Industrial output in the service-producing sector expanded modestly at 1.7% with commercial service and non-commercial service both increasing 1.7%. The service sector accounted for 71% of Manitoba's economy in 2012.

The global economic conditions continued to set the tone for overall growth. The Euro Area contracted in 2012, as fiscal consolidation and tighter credit conditions lowered spending. Steady improvements in employment and housing buoyed the U.S. economy. However, continuing cautious business investment spending and a challenging budget situation limited growth to 2.2%. A broad-based moderation in spending and slower export sales held Canadian growth back to 1.7% last year.

Manitoba's relative performance reflects diversity and balance in the economy. Manitoba has 11 different

D'après Statistique Canada, après des pertes importantes deux années de suite à cause d'inondations et de l'excès de précipitations, la forte reprise de la production agricole de 2012 a hissé le PIB réel du Manitoba en deuxième place parmi les provinces canadiennes. En augmentant sa croissance, la Province n'a pas suivi la tendance nationale. En effet, tout comme l'activité économique mondiale, la croissance du Canada et de toutes les autres provinces a ralenti.

Dans l'ensemble, en 2012, la performance économique du Manitoba a connu des résultats mitigés. La reprise agricole, ainsi qu'une croissance stable dans le bâtiment et les activités pétrolières, ont mené la croissance. Une légère faiblesse a été enregistrée dans les secteurs du commerce de gros, de l'information et de la culture, et de l'administration publique. Des augmentations des dépenses en immobilisations résidentielles et non résidentielles ont été partiellement contrebalancées par une baisse notable des exportations vers des marchés non américains, un ralentissement des ventes de produits manufacturés et une croissance modérée des ventes au détail.

Le coup de fouet de l'agriculture a fait monter le PIB réel à 2,7 % en 2012. À titre comparatif, l'économie canadienne a augmenté de 1,7 % cette année-là. En 2012, la production industrielle a augmenté de 5,2 % dans le secteur de la fabrication de biens. Elle a augmenté de façon modeste dans le secteur des services pour atteindre 1,7 %, les services commerciaux et non commerciaux augmentant tous deux de 1,7 %. Le secteur des services a constitué 71 % de l'économie du Manitoba en 2012.

Les conditions économiques mondiales ont continué à être propices à la croissance globale. La Zone Euro s'est contractée en 2012, en raison de la réduction des dépenses due au rééquilibrage budgétaire et au resserrement des conditions de crédit. Des améliorations soutenues aux niveaux de l'emploi et du logement ont permis à l'économie des États-Unis de se maintenir à flot. Cependant, les entreprises restent prudentes quant à leurs dépenses d'investissement et la situation budgétaire restant difficile, la croissance n'a pas dépassé les 2,2 %. Une modération généralisée des dépenses et un ralentissement des ventes destinées à l'exportation a retenu la croissance du Canada à 1,7 % l'année dernière.

La performance relative du Manitoba reflète la diversité et l'équilibre de son économie. Le Manitoba comporte 11

industrial sectors each making up more than 5% of GDP. The range in sector size from the largest industry to the smallest industry is narrowest among provinces. Manitoba's exports are almost evenly distributed between international and interprovincial markets, the most balanced trading pattern among provinces.

Demographic fundamentals remain positive, as Manitoba outpaced the national rate of population growth for the last three years. The corresponding growth in labour supply has been closely matched by job creation; as a result, Manitoba's unemployment rate remains steady. At 5.3% in 2012, Manitoba had the third lowest unemployment rate among provinces and was below Canada at 7.2%.

#### **Gross Domestic Product**

In April 2013, Statistics Canada estimated that 2012 real GDP increased by 2.7% in Manitoba, following 1.8% growth in 2011.

Last year, agricultural production rebounded to record 14.8% growth, reversing the 13.3% contraction in 2011 associated with the impacts of the Assiniboine River flood. Manitoba's oil production increased by 25.9% while metal mining declined by 7.1%. Both residential and non-residential investments contributed to the 6.6% growth in construction output.

Several industries experienced slower growth in 2012, including wholesale trade, information and culture, public administration, and accommodation and food services.

secteurs industriels, dont chacun représente plus de 5 % de son PIB. L'amplitude séparant la plus grande industrie du Manitoba et la plus petite est la moins importante des provinces canadiennes. Les exportations manitobaines sont distribuées de façon presque égale entre les marchés internationaux et interprovinciaux. Cette structure des échanges est la plus équilibrée des provinces canadiennes.

Les facteurs démographiques fondamentaux restent positifs : le Manitoba jouit d'un taux d'accroissement de la population plus élevé que celui du Canada depuis trois ans. L'augmentation de la main-d'œuvre disponible, correspondant au taux d'accroissement de la population, a été étroitement suivie par la création d'emplois. Par conséquent, le taux de chômage du Manitoba reste stable. En 2012, le taux de chômage du Manitoba était de 5,3 %, soit la troisième place canadienne pour le taux le plus bas. Le taux national était de 7,2 %.

#### **Produit intérieur brut**

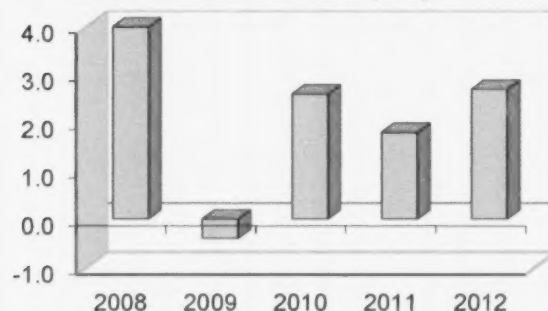
En avril 2013, Statistique Canada a estimé que le PIB réel de 2012 avait augmenté de 2,7 % au Manitoba, après avoir augmenté de 1,8 % en 2011.

L'année dernière, la production agricole a rebondi pour atteindre un taux de croissance record de 14,8 %, renversant la contraction de 13,3 % enregistrée en 2011 en raison de la crue de la rivière Assiniboine. La production de pétrole au Manitoba a augmenté de 25,9 %, alors que l'extraction de métaux a baissé de 7,1 %. Les investissements résidentiels et non résidentiels ont contribué à la croissance de 6,6 % de l'industrie du bâtiment.

Plusieurs industries ont connu un ralentissement de croissance en 2012, notamment le commerce de gros, l'information et la culture, l'administration publique, et l'hébergement et la restauration.



### Real GDP Growth (Percentage Change) Croissance du PIB réel (en pourcentage)



Source: Statistics Canada Source: Statistique Canada

### Population

Manitoba's population is estimated at 1,267,003 as of July 1, 2012, the fifth largest among provinces. This is Manitoba's "official" population for the year.

The population growth from the previous year was 15,313 or 1.2%. This is the third consecutive year that Manitoba's population growth rate exceeded the national increase. Although slower than the recent record increases of 1.3% in 2010 and 2011, population growth remains high by historical standards.

Recent population growth is supported by immigration, stable interprovincial migration and increasing natural population growth (births minus deaths). The demographic profile has also changed, with an increase in the number of 15 to 64 aged individuals, Manitoba's median age has shifted from 37.8 in 2009 to 37.6 in 2012, now the third youngest in Canada.

### Labour Force and Incomes

Manitoba's labour market continued to strengthen in 2012 after advancing in 2011. Total employment increased by 5,600 in 2012 following a gain of 4,700 workers in 2011. Full-time employment increased by

### Population

Au 1<sup>er</sup> juillet 2012, le Manitoba comptait 1 267 003 habitants, ce qui le plaçait au 5<sup>e</sup> rang des provinces canadiennes. Il s'agit de la population « officielle » de la province pour cette année.

La population a augmenté de 15 313 personnes par rapport à l'année passée, soit une croissance de 1,2 %. Le taux de croissance de la population du Manitoba dépasse ainsi le niveau national pour la troisième année consécutive. Bien que cela soit moins que les augmentations record (1,3 %) de 2010 et 2011, la croissance de la province reste haute par rapport au passé.

La récente croissance démographique est attribuable à l'immigration, à une migration interprovinciale stable et à une augmentation de la croissance démographique naturelle (naissances moins décès). Le profil démographique a aussi changé, avec une augmentation des personnes âgées de 15 à 64 ans. L'âge moyen au Manitoba est passé de 37,8 ans en 2009 à 37,6 ans en 2012, ce qui fait de la province la 3<sup>e</sup> plus jeune du Canada.

### Main-d'œuvre et revenus

Après avoir progressé en 2011, le marché du travail de la province a continué à se renforcer en 2012. Le nombre total d'emplois a augmenté de 5 600 postes en 2012, à la suite de l'arrivée sur le

5,600 and part-time employment increased by 100.

marché de 4 700 travailleurs supplémentaires en 2011. Il y a eu un gain de 5 600 emplois à plein temps et de 100 emplois à temps partiel.

Manitoba's labour force expanded by 5,200 workers in 2012, following a gain of 5,300 in 2011. At 69.1%, Manitoba's labour force participation rate was the third highest among provinces in 2012. The national average labour force participation rate was 66.7% in 2012.

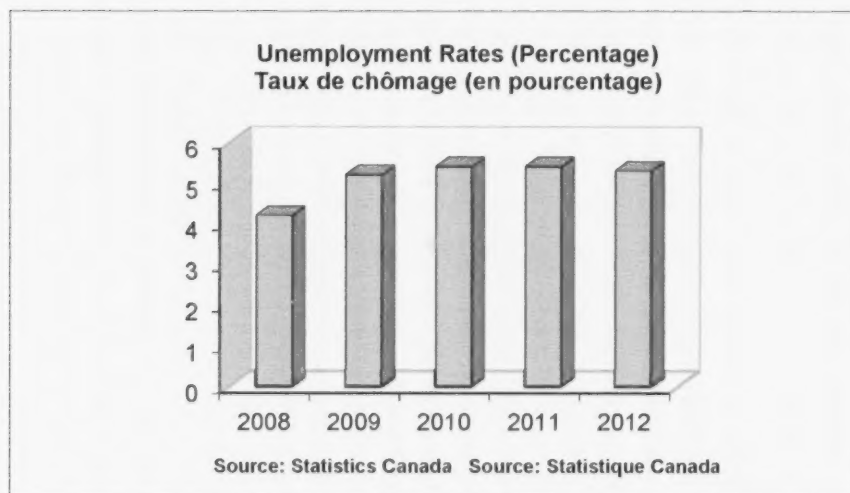
La population active du Manitoba s'est accrue de 5 200 travailleurs en 2012, après une hausse de 5 300 travailleurs en 2011. Le taux d'activité de la main-d'œuvre (69,1 %) a placé le Manitoba à la 3e place parmi les provinces canadiennes en 2012. La moyenne nationale du taux d'activité était de 66,7 % en 2012.

Manitoba's service sector employment, which accounts for 77% of total employment, increased by 9,200 jobs in 2012, while the goods sector employment decreased by 3,700 jobs. Last year, private sector employment increased by 7,500 jobs and public sector employment decreased by 1,900 jobs.

En 2012, 9 200 emplois ont été créés dans le secteur des services, qui représente 77 % du marché de l'emploi au Manitoba, alors que le secteur des biens a perdu 3 700 emplois. L'année dernière, le nombre d'emplois s'est accru de 7 500 dans le secteur privé et a diminué de 1 900 dans le secteur public.

The unemployment rate declined to 5.3% in 2012. The 2012 unemployment rate was the third lowest in Canada behind Alberta and Saskatchewan, and was well below the national rate of 7.2%. In 2012, Manitoba's youth unemployment was 11.0%, also third lowest among provinces.

Le taux de chômage a baissé pour atteindre 5,3 % en 2012. Avec un taux bien en dessous de la moyenne nationale de 7,2 %, le Manitoba occupait en 2012 le troisième rang canadien des provinces aux taux de chômage les plus bas, derrière l'Alberta et la Saskatchewan. En 2012, le taux de chômage chez les jeunes au Manitoba était de 11 %, classant également la province au troisième rang des provinces aux taux les plus faibles.



## Investment

In Manitoba, capital expenditures have been extremely buoyant for a number of years. Over 10 years, annual capital spending has more than doubled from \$6.0 billion in 2002 to \$12.3 billion in 2012. In addition, Manitoba has the most consistent growth in business capital investment of all provinces with only one year of decline in the past 21 years.

Manitoba's total capital investment increased by 9.7% in 2012. Annual investment in new structures in Manitoba reached a record \$8.9 billion, and investment in machinery and equipment marked a record \$3.4 billion. Private capital investment increased 4.9%, compared to an estimated national increase of 7.8%. Public investment rose by 21.1% in Manitoba and by 4.9% in Canada.

In the last five years, investment growth focused on mining and utilities, with capital spending increasing by \$703 and \$709 million, respectively. Over the same period, capital investment increased 38% in Manitoba, third highest among the provinces and double the 19% national increase.

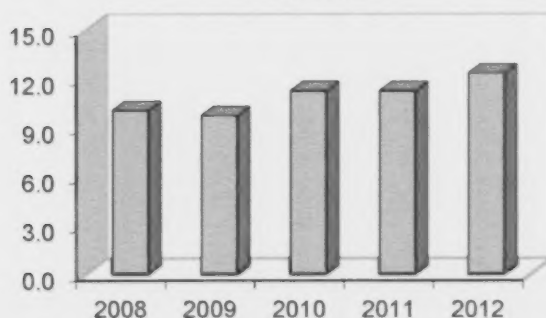
## Investissements

Au Manitoba, les dépenses en capital ont été extrêmement élevées pendant plusieurs années. En 10 ans, les dépenses en capital annuelles ont plus que doublé, passant de 6 milliards en 2002 à 12,3 milliards en 2012. De plus, le Manitoba affiche les meilleurs résultats de toutes les provinces en ce qui concerne la croissance régulière des investissements de capital des entreprises commerciales, puisqu'il n'a connu qu'une seule année de diminution en 21 ans.

Le total des investissements en immobilisations du Manitoba a augmenté de 9,7 % en 2012. Les investissements annuels dans de nouvelles structures au Manitoba ont atteint le montant record de 8,9 milliards, et les investissements dans la machinerie et l'outillage ont atteint les 3,4 milliards, ce qui est également un record. Les investissements de capitaux privés ont augmenté de 4,9 %, comparativement à une augmentation nationale estimée à 7,8 %. L'investissement public a augmenté de 21,1 % au Manitoba et de 4,9 % au Canada.

Au cours des cinq dernières années, la croissance des investissements était centrée sur les mines et les services publics, les dépenses en capital de ces secteurs ayant augmenté de 703 millions de dollars et de 709 millions de dollars respectivement. Au cours de la même période, les investissements en immobilisations ont augmenté de 38 % au Manitoba, ce qui constitue le double de la croissance nationale (19 %) et place le Manitoba au 3<sup>e</sup> rang parmi les provinces.

**Capital Investment (Billions of Dollars)**  
**Investissements en immobilisations (en milliards de dollars)**



Source: Statistics Canada Source: Statistique Canada

## Sectoral Developments

Manitoba manufacturing sales increased by 1.4% to \$15.6 billion in 2012, after rebounding 6.7% in 2011, reversing a previous two-year decline in sales. Canadian sales increased 3.5%. Weaker global demand lowered food and chemical sales. Overall, sales on non-durable goods declined 3.9% in 2012. The increases were broad based, but mainly in durable manufactured goods.

In 2012, Manitoba manufacturing sales increased in five of eight sub-sectors. Wood (17.4%), electrical appliances (14.4%), transportation equipment (11.5%), machinery equipment (8.2%) and fabricated metals (6.7%) sales led the sector, while food (-5.7%), chemicals (-2.7%) and printing (-0.6%) sales led the losses.

Manufacturing accounts for 10% of GDP and 10% of employment, Manitoba's largest industry. The majority of manufactured goods are exported. This diverse mix of exports includes industrial and consumer goods, and ranges from aerospace products, buses, food products, wood products, and industrial and agricultural chemicals.

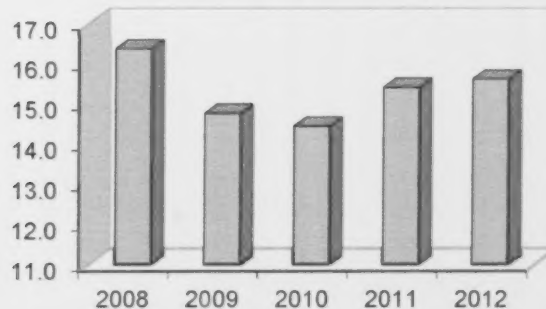
## Développements sectoriels

Les ventes de produits manufacturés au Manitoba ont augmenté de 1,4 % en 2012 pour atteindre 15,6 milliards de dollars, après une reprise qui les a vues augmenter de 6,7 % en 2011, renversant la baisse des ventes des deux années précédentes. Les ventes au Canada ont augmenté de 3,5 %. La faiblesse de la demande mondiale a fait baisser les ventes d'aliments et de produits chimiques. Dans l'ensemble, les ventes de biens non durables ont baissé de 3,9 % en 2012. Les augmentations concernent tous les secteurs, mais proviennent principalement de biens durables manufacturés.

En 2012, les ventes de produits manufacturés au Manitoba ont augmenté dans cinq sous-secteurs sur huit. Les ventes de bois (17,4 %), d'appareils électriques (14,4 %), de matériel de transport (11,5 %), de machinerie et d'outillage (8,2 %), et de métaux transformés (6,7 %) ont mené les ventes dans ce secteur, alors que les aliments (-5,7 %), les produits chimiques (-2,7 %) et l'imprimerie (-0,6 %) ont connu les pertes les plus importantes.

Les produits manufacturés constituent 10 % du PIB et 10 % du nombre d'emplois. C'est la plus grande industrie du Manitoba. La majeure partie des biens fabriqués sont exportés. Cet éventail d'exportations comprend les biens industriels et de consommation, notamment des produits du domaine aérospatial, des autobus, des produits alimentaires, des produits du bois, et des produits chimiques industriels et agricoles.

**Value of Manufacturing Shipments (Billions of Dollars)**  
**Valeur des expéditions de produits manufacturés (en milliards de dollars)**



Source: Statistics Canada Source: Statistique Canada

In 2012, Manitoba exports declined 4.8%, third lowest among provinces and below Canada's increase of 1.9%. The recovery in U.S. housing and employment lifted U.S. destined exports by 4.5% in 2012. Non U.S. exports declined 19.1% reflecting reduced grain shipments due to low yields and small harvests in 2010 and 2011. In addition, metal ore exports fell in 2012 after receiving a one-time boost in 2011 from a smelter closure and inventory reduction.

En 2012, les exportations manitobaines ont baissé de 4,8 %, plaçant la province au 3<sup>e</sup> rang des provinces aux taux les plus faibles, et en dessous de la croissance du Canada (1,9 %). La relance du logement et de l'emploi aux É.-U. ont fait monter les exportations à destination de ce pays de 4,5 % en 2012. Les exportations non destinées aux É.-U. ont baissé de 19,1 %, reflétant la réduction des expéditions de céréales due aux faibles rendements et aux maigres récoltes de 2010 et 2011. Par ailleurs, les exportations de minerais métalliques ont chuté en 2012, après la stimulation ponctuelle de 2011, en raison de la fermeture d'une fonderie et de la réduction de l'inventaire.

Manitoba farm cash receipts increased 4.5% in 2012 to \$5.2 billion. Crop receipts were up 7.1% with weakness in oilseeds and wheat offset by strength in specialty crops. Livestock receipts increased 2.3% with a sharp increase in cattle receipts offset by a decrease in hog receipts. Direct payments, which include crop insurance and other transfers to producers, are estimated to have decreased by 0.8% in 2012. Crop production rebounded in 2012, from two years of flooding and bad weather, with increases in all crops: wheat 76%, canola 20%, corn for grain 97%, soybeans 84% and barley 137%.

Les recettes en espèces agricoles du Manitoba ont augmenté de 4,5 % en 2012 pour atteindre 5,2 milliards de dollars. Les recettes des productions végétales ont augmenté de 7,1 %, la faiblesse des oléagineux et du blé ayant été contrebalancée par la croissance des cultures spéciales. Les recettes tirées de la vente du bétail ont augmenté de 2,3 %, la forte augmentation des gains dans le secteur bovin ayant été atténuée par une baisse des recettes dans le secteur porcin. On estime que les paiements directs, qui comprennent les prestations d'assurance-récolte et d'autres transferts aux producteurs, ont baissé de 0,8 % en 2012. Après deux ans d'inondations et de mauvais temps, la production agricole a rebondi en 2012 et a connu des augmentations de toutes les cultures : blé (76 %), canola (20 %), maïs-grain (97 %), soja (84 %) et orge (137 %).

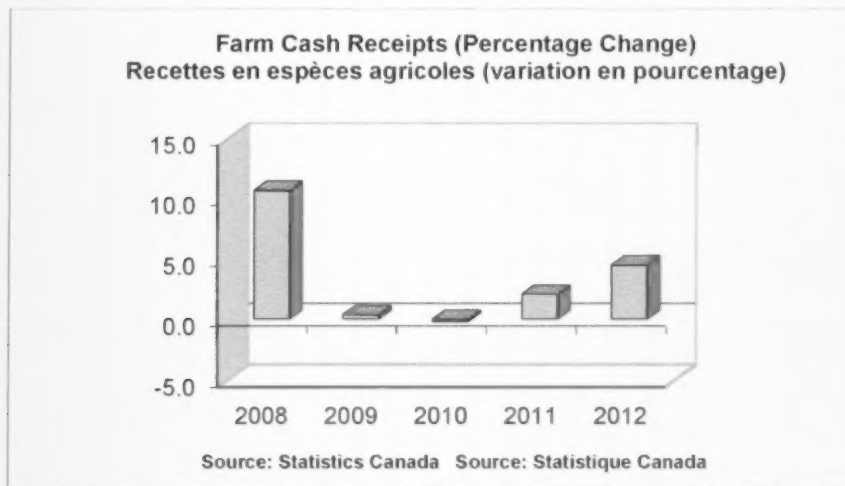
The livestock sector in Manitoba continues to be impacted by the U.S. Country of Origin Labeling (COOL) regulations for meat products. Recently, Canada and Mexico won a ruling by the World Trade Organization against these regulations. Subsequently,

Le secteur de l'élevage du Manitoba est toujours touché par les réglementations américaines COOL (Country of Origin Labeling) en matière de viande. Récemment, l'Organisation mondiale du commerce a donné raison au Canada et au Mexique en se prononçant contre ces



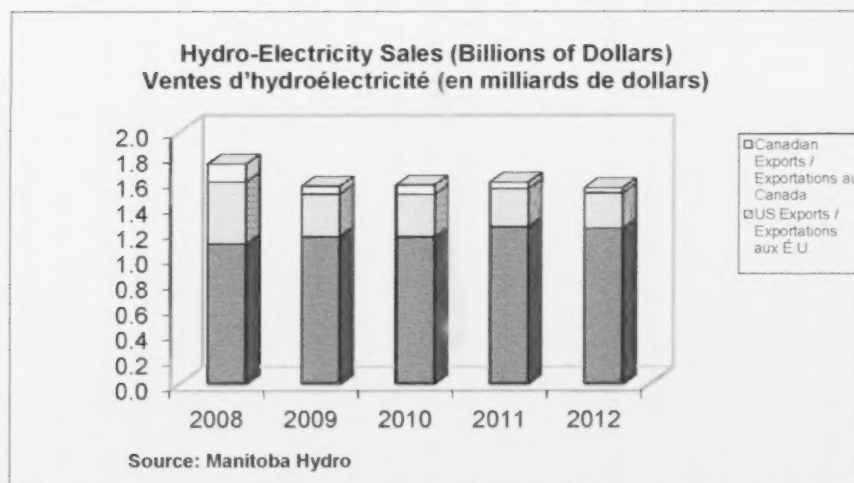
the U.S. has revised COOL regulations to comply with this ruling; however, these revised regulations will generate even greater trade barriers than the 2009 regulations.

réglementations. À la suite de cette décision, les É.-U. ont révisé les réglementations COOL. Cependant, ces révisions créeront des barrières encore plus importantes que celles des réglementations de 2009.



In 2012, the value of Manitoba electricity sales decreased by 2.8%. Approximately 88% of export sales are to the U.S. with the balance to other Canadian provinces. Since export sales to the U.S. are priced in US\$, the Canadian dollar appreciation is reflected in lower sales receipts.

En 2012, la valeur des ventes d'énergie électrique au Manitoba a baissé de 2,8 %. Environ 88 % des ventes à l'exportation sont destinées aux É.-U. et le reste aux autres provinces canadiennes. Les exportations à destination des É.-U. étant facturées en dollars américains, la baisse des encaissements sur ventes reflète l'appréciation du dollar canadien.



In 2012, Manitoba housing starts increased to 7,242 units, a 19.1% increase and almost double the 10.8% national increase. Single starts were up 8.8% while multiples increased 36.5%. In 2012, housing starts in Manitoba were at the highest level since 1987, and the share of multiple starts at 42% is the highest since 1987 when they were 43% of total starts.

Il y a eu 7 242 mises en chantier d'habitations au Manitoba en 2012. Cela représente une augmentation de 19,1 %, soit presque le double de l'augmentation nationale de 10,8 %. Les mises en chantier d'habitations individuelles ont augmenté de 8,8 % et celles d'habitations à logements multiples ont augmenté de 36,5 %. En 2012, les mises en chantier d'habitations au Manitoba ont atteint leur niveau le plus haut depuis 1987, et la part des mises en chantier d'habitations multiples était à 42 %, son plus haut niveau depuis 1987, année où elle représentait 43 % du total des mises en chantier d'habitations.

In 2012, the value of building permits in Manitoba increased 34.9%. Non-residential permits were up 53.8% while residential permits increased 24% from 2011. Canadian permits were up 9.3% in 2012. Manitoba residential permits increased (24%) and non-residential permits increased (53.8%). Non-residential building permits were supported by growth in: industrial permits (126.6%); commercial permits (41.2%); and institutional permits (37.9%).

En 2012, la valeur des permis de construction a augmenté de 34,9 % au Manitoba. La valeur des permis de construction non résidentielle a augmenté de 53,8 %, et celle des permis de construction résidentielle a augmenté de 24 % en 2011. Les permis de construction au Canada ont augmenté de 9,3 % en 2012. La valeur des permis de construction résidentielle a augmenté de 24 %, et celle des permis de construction non résidentielle a augmenté de 53,8 % au Manitoba. Les permis de construction non résidentielle ont bénéficié de la croissance des permis de construction à usage industriel (126,6 %), commercial (41,2 %) et institutionnel (37,9 %).

Manitoba retail sales increased 1.6% in 2012 compared to a 2.5% increase in Canada. 2012 retail sales rose on the strength of department store sales (6.2%), furniture (5.5%), sporting goods (4.6%) and clothing (4.2%). Sales of electronics and appliances declined (5.8%), along with personal services (2.7%) and gasoline sales (2.5%).

Les ventes au détail ont augmenté de 1,6 % en 2012 au Manitoba, comparativement à une hausse de 2,5 % au Canada. En 2012, les ventes au détail ont augmenté grâce notamment à la grande distribution (6,2 %), et à la vente de meubles (5,5 %), d'équipements de sport (4,6 %) et de vêtements (4,2 %). Les ventes d'appareils électroniques et ménagers ont baissé (5,8 %), tout comme les services personnels (2,7 %) et les ventes d'essence (2,5 %).



The number of new vehicles sold in Manitoba increased 7.6% last year to 52,236 units, similar to the 7.0% growth in 2011, and higher than the 5.9% national increase. Passenger car sales increased 9.8% while truck sales advanced 6.6%.

Le nombre de nouveaux véhicules vendus au Manitoba a augmenté de 7,6 % l'année dernière pour atteindre les 52 236 unités, ce qui est semblable à la croissance de 2011 (7 %), et plus fort que la hausse nationale (5,9 %). Les ventes de voitures de tourisme ont augmenté de 9,8 % et les ventes de camions de 6,6 %.



The total value of production for Manitoba's metal and mineral mining declined in 2012 with modest increases in production being offset by soft demand that led to lower commodity prices. The volume of nickel, zinc and gold increased in 2012, but copper declined with the closure of two mines.

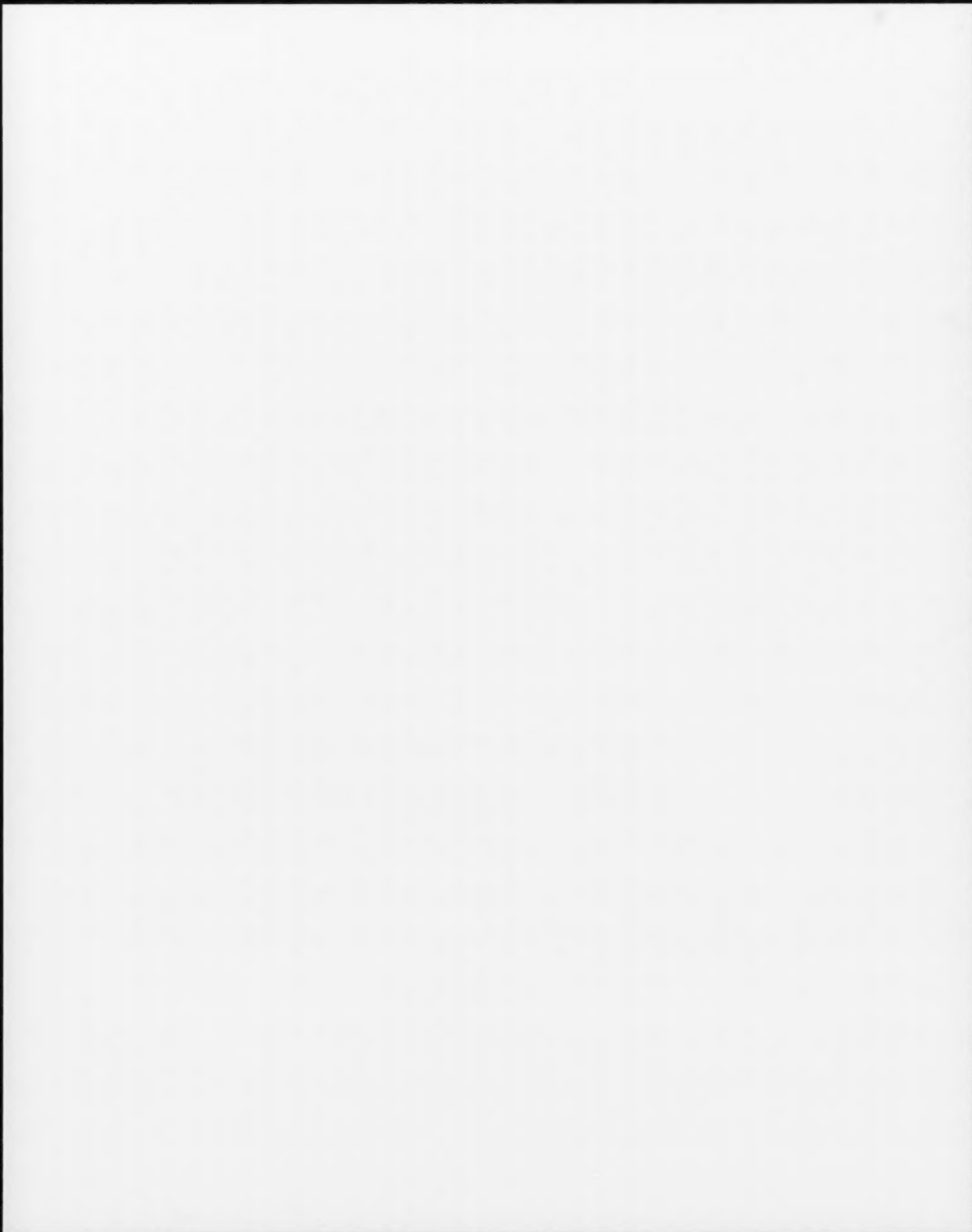
La valeur totale de l'extraction des métaux et des minéraux a baissé en 2012, les modestes augmentations de production ayant été contrées par une demande faible qui a mené à une baisse des prix des produits. Le volume de nickel, de zinc et d'or extrait a augmenté en 2012, mais celui du cuivre a baissé en raison de la fermeture de deux mines.

Petroleum volume production continued to increase, growing 25% in 2012 and generating a 14.6% increase in the value of production. Altogether, Manitoba's mining industries value of production (including petroleum) decreased 2.5% in 2012 with the value of mining production, excluding fuels, decreasing 15.7%. A milestone was reached in 2012, and marked the first time that the value of mineral production was equally split between petroleum and mineral output, both with \$1.5 billion value of output.

Le volume de la production de pétrole a continué à progresser, augmentant de 25 % en 2012 et générant une augmentation de 14,6 % de la valeur de la production. Dans l'ensemble, la valeur de la production de l'industrie minière du Manitoba (y compris la production de pétrole) a baissé de 2,5 % en 2012, et la valeur de la production minière (à l'exception des carburants) a baissé de 15,7 %. Une étape a été atteinte en 2012 : pour la première fois, la valeur de la production minérale a été partagée de manière égale entre les productions minière et pétrolière, représentant chacune 1,5 milliard de dollars.

**PUBLIC ACCOUNTS  
VOLUME 1  
FOR THE YEAR ENDED  
MARCH 31, 2013**

**VOLUME 1  
DES COMPTES PUBLICS  
POUR L'EXERCICE TERMINÉ  
LE 31 MARS 2013**



## INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA/ INTRODUCTION AUX COMPTES PUBLICS DU MANITOBA

### Nature of the Public Accounts

The Public Accounts of Manitoba are prepared annually by statutory requirement in accordance with section 65(1) of *The Financial Administration Act*, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts reflect the summary financial position of the Government and the operating results for the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources:

- the summarized financial information presented in the accounts of Manitoba, maintained by the Provincial Comptroller; and
- the detailed records, maintained by departments, agencies, Crown organizations (Crowns) and Government Business Enterprises (GBEs).

Each department and public sector organization is responsible for reconciling its accounts to the control accounts of the Provincial Comptroller, and for maintaining detailed records of the transactions in their accounts.

### Format of the Public Accounts of Manitoba

The Public Accounts of Manitoba consists of the following volumes:

**Volume 1** presents the Economic Report, the Financial Statement Discussion and Analysis, the audited summary financial statements of the Government, and audited financial reports on the Fiscal Stabilization Account and the Debt Retirement Account; and the unaudited Consolidated Details and Reconciliation to Core Government Results;

**Volume 2** presents the audited Schedule of Public Sector Compensation Payments of \$50,000 or more and the Government Departments' and Special Operating Agencies' payments in excess of \$5,000 that do not require an audit; and

**Volume 3** presents Supplementary Schedules and other statutory reporting requirements.

### Nature des comptes publics

Les Comptes publics du Manitoba sont préparés tous les ans par obligation légale, conformément au paragraphe 65(1) de la *Loi sur la gestion des finances publiques*, chapitre F55 de la *Codification permanente des lois du Manitoba*. Les comptes publics présentent la situation financière sommaire du gouvernement et les résultats de ses activités pour l'exercice financier du gouvernement, qui se termine le 31 mars.

Les renseignements fournis dans le rapport proviennent de deux sources :

- le résumé de l'information financière présentée dans les comptes du Manitoba, qui sont tenus par le contrôleur de la province;
- les registres détaillés, qui sont tenus par les ministères, les organismes, les sociétés de la Couronne et les entreprises publiques.

Chacun des ministères et des organismes du secteur public est responsable du rapprochement de ses comptes et des comptes collectifs tenus par le contrôleur de la province, et de la tenue de registres détaillés de leurs opérations comptables.

### Composition des Comptes publics du Manitoba

Les Comptes publics du Manitoba comprennent les volumes suivants :

Le **volume 1** présente le Rapport économique, le Rapport d'analyse des états financiers, les états financiers sommaires vérifiés du gouvernement, ainsi que les rapports financiers vérifiés portant sur l'état annuel du solde à la fin de l'exercice en vertu de le compte de stabilisation des revenus, le compte de remboursement de la dette, et la réconciliation non vérifiés des opérations consolidées aux résultats du gouvernement centrale.

Le **volume 2** présente la liste vérifiée des paiements de rémunération du secteur public totalisant 50 000 \$ ou plus, ainsi que les paiements totalisant plus de 5 000 \$ qui n'exigent pas de vérification et qui sont versés par les ministères gouvernementaux et par les organismes de service spécial.

Le **volume 3** présente les annexes supplémentaires et les autres documents qui satisfont aux exigences législatives en matière de rapport.

**Volume 4** is provided as a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity (GRE), but is not considered to be part of the Public Accounts of Manitoba.

Le **volume 4** est un recueil des états financiers vérifiés des fonds, des organisations de la Couronne, des organismes publics et des entreprises publiques inclus dans le périmètre comptable du gouvernement, mais il n'est pas considéré comme faisant partie des comptes publics du Manitoba.

**Volume 1: Annual Report for the Year ended March 31, 2013** - This volume contains the following specific information:

**Financial Statement Discussion and Analysis** - This section provides a written commentary on the summary financial statements plus additional information on the financial and economic performance of the Provincial Government. The information contained in the Financial Statement Discussion and Analysis section is taken from the March 31, 2013 summary financial statements on pages 67 - 114.

**Summary Financial Statements** - These audited statements disclose the financial impact of the Government's activities. Only the Government's summary financial statements provide the key information on the financial activities of the entire Government. The summary financial statements include the financial results of the approximately 170 different agencies the Government uses to deliver its goods and services. The GRE includes the core Government and Crown organizations, government business enterprises and public sector organizations such as regional health authorities, school divisions, universities and colleges. The departments and entities comprising the GRE are disclosed in Schedule 8 of the summary financial statements.

The summary financial statements also provide the following key financial information:

- the Government's financial position at March 31 each year
- the results of its operations for the year
- what revenue it brought in and what it spent (i.e. annual surplus or deficit)
- how much it borrowed, repaid or refinanced
- how it obtained and used its cash

**Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2013** - ce volume contient l'information financière suivante :

**Analyse des états financiers** - cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements complémentaires sur la performance financière et économique du gouvernement du Manitoba. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2013 (pages 67 à 114).

**États financiers sommaires** - les états financiers sommaires sont des états vérifiés qui précisent l'incidence financière des activités du gouvernement. Seuls les états financiers sommaires du gouvernement fournissent des renseignements clés sur les activités financières de tout le gouvernement. Ces états comprennent les résultats financiers des 170 organismes différents dont se sert le gouvernement pour fournir des biens et des services. Le périmètre comptable du gouvernement inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges. Les ministères et les organismes compris dans le périmètre comptable du gouvernement figurent à l'annexe 8 des états financiers sommaires.

Les états financiers sommaires contiennent les renseignements financiers clés suivants :

- la situation financière du gouvernement au 31 mars chaque année;
- les résultats des activités de l'exercice;
- le total des recettes et des dépenses (c'est-à-dire, l'excédent ou le déficit annuel);
- les sommes empruntées, remboursées ou refinancées;
- les sommes obtenues et la façon dont elles ont été utilisées.



**Other Financial Reports** – This section includes reports on information other than financial statements, including:

- the Fiscal Stabilization Account (audited),
- the Debt Retirement Account (audited), and
- Consolidated Details and Reconciliation to Core Government Results (unaudited)

**Volume 2: Supplementary Information** - This volume contains the following specific information:

**Schedule of Public Sector Compensation of \$50,000 or More** - This audited schedule contains payments of \$50,000 or more as paid through Government Departments as well as those paid by Special Operating Agencies, as required by *The Public Sector Compensation Disclosure Act*, and

**Statement of Payments in Excess of \$5,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies** - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of \$5,000 to corporations, firms, individuals, other governments and government agencies.

**Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements** - This volume contains unaudited statements, schedules and other information, as well as the following audited statement:

- the Report of Amounts Paid or Payable to Members of the Assembly;

**Volume 4:** This volume includes a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

The Public Accounts of Manitoba are available on the Internet at:  
[www.fin.gov.mb.ca](http://www.fin.gov.mb.ca)

**Autres rapports financiers** – cette section comprend des rapports portant sur l'information financière autre que les états financiers, notamment :

- le compte de stabilisation des revenus (vérifiés);
- le compte de remboursement de la dette (vérifiés); et
- la réconciliation des opérations consolidées aux résultats du gouvernement centrale (non vérifiés).

**Volume 2: Supplément d'information** - ce volume contient l'information suivante :

**Liste de la rémunération dans le secteur public** - cette liste vérifiée présente les paiements totalisant 50 000 \$ ou plus, qu'il s'agisse des paiements versés par les ministères gouvernementaux ou de ceux versés par les organismes de service spécial, conformément aux exigences de la *Loi sur la divulgation de la rémunération dans le secteur public*.

**État des paiements de plus de 5 000 \$ versés à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics** - cet état contient la liste des paiements de plus de 5 000 \$ versés à même le fonds de fonctionnement ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics.

**Volume 3: Annexes supplémentaires et autres rapports prévus par la loi** - ce volume contient des états, des annexes et d'autres renseignements non vérifiés, à l'exception des deux états suivants :

- le rapport des sommes versées ou à verser aux membres de l'Assemblée législative;

**Volume 4 :** Ce volume comprend un recueil d'états financiers vérifiés de fonds, d'organisations, d'organismes et d'entreprises.

Les Comptes publics du Manitoba peuvent être consultés sur Internet à l'adresse suivante :  
[www.fin.gov.mb.ca](http://www.fin.gov.mb.ca)





# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS REPORT/ Rapport d'analyse des états financiers

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## 2012/13 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2012/13 fiscal year with comparisons to results for the previous fiscal year, as applicable.

- The summary financial statements of the Province of Manitoba fully comply with Canadian generally accepted accounting principles for the public sector and received an unqualified audit opinion from the Auditor General of Manitoba.
- The global economic conditions continued to set the tone for overall growth. Overall, Manitoba's relative performance reflects diversity and balance in the economy. Statistics Canada estimates that Manitoba's real Gross Domestic Product (GDP) grew 2.7% in 2012 following 1.8% growth in 2011.
- The Government recorded a net loss of \$580 million, which is \$3 million lower than forecast in the Third Quarter Financial Report and was \$120 million greater than projected in Budget 2012.
- The 2012/13 results included revenue of \$13,786 million that sustained program expenses of \$13,527 million and public debt charges of \$839 million.
- Overall public debt charges as a percentage of revenue remained relatively consistent at 6.1%.
- The Province invested \$1,273 million on new tangible capital assets during the year.
- The net debt position (the difference between total liabilities and financial assets) was at \$15,893 million at the end of 2012/13, up \$1,343 million from its balance as at March 31, 2012. Net debt to GDP increased to 26.8% from 25.6% at March 31, 2012. The ratio of net debt to total revenues has increased to 115.3% from 106.3% at March 31, 2012.

## FAITS SAILLANTS 2012-2013

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2012-2013 et les comparent aux résultats de l'exercice financier précédent, s'il y a lieu.

- Les états financiers sommaires de la Province du Manitoba sont entièrement conformes aux principes comptables généralement reconnus au Canada pour le secteur public, et la vérificatrice générale du Manitoba a émis à leur sujet une opinion de l'auditeur sans réserve.
- Les conditions économiques mondiales ont continué à être propices à la croissance globale. Dans l'ensemble, la performance relative du Manitoba reflète la diversité et l'équilibre de son économie. Statistique Canada estime que le PIB réel du Manitoba a augmenté de 2,7 % en 2012, après une croissance de 1,8 % en 2011.
- Le gouvernement a enregistré une perte nette de 580 millions de dollars, soit 3 millions de moins que prévu dans le rapport financier du troisième trimestre et 120 millions de plus qu'indiqué dans le Budget 2012.
- Les résultats de 2012-2013 comprenaient des recettes de 13 786 millions de dollars, qui ont servi à couvrir des dépenses de programmes de l'ordre de 13 527 millions de dollars et à assumer des frais de la dette publique établis à 839 millions de dollars.
- Les frais globaux de la dette publique en pourcentage des recettes totales sont demeurés constants, à 6,1 %.
- La Province a investi 1 273 millions de dollars en nouvelles immobilisations corporelles au cours de l'exercice.
- La dette nette (le total des passifs moins les actifs financiers) s'élevait à 15 893 millions de dollars à la fin de 2012-2013, une hausse de 1 343 millions de dollars par rapport au solde du 31 mars 2012. Le ratio entre la dette nette et le PIB est passé de 25,6 % à 26,8 % au 31 mars 2012. Celui entre la dette nette et les recettes totales est passé de 115,3 % à 106,3 % au 31 mars 2012.

- The accumulated deficit (the difference between total liabilities and financial and non-financial assets) stood at \$5,936 million as at March 31, 2013, an increase of \$592 million from March 31, 2012. The accumulated deficit to GDP ratio was 10.0%, up from 9.4% at March 31, 2012.
- Le déficit accumulé (le total des passifs moins les actifs financiers et non financiers) s'établissait à 5 936 millions de dollars au 31 mars 2013, en augmentation de 592 millions de dollars par rapport au 31 mars 2012. Le ratio entre le déficit accumulé et le PIB a augmenté, pour se situer à 10,0 %, contre 9,4 % au 31 mars 2012.

## FINANCIAL CONDITION OF THE GOVERNMENT

The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC), through a statement of recommended practices, suggests a number of financial indicators to assist in the assessment of a government's financial condition. There are no established public sector benchmarks for these indicators. The indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years to facilitate comparisons and assist in the assessment of the Government's financial health in the context of the current economic and financial environment. The recommended indicators are grouped into three categories:

- (1) **Sustainability** - measures a government's ability to maintain its programs without the need to increase its borrowings.
- (2) **Flexibility** - how well a government can respond to rising financial commitments by either expanding its revenue or increasing its borrowings.
- (3) **Vulnerability** - how much a government relies on revenue sources beyond its direct control or influence, both domestic and international.

### Source of data and its limitations

The financial indicators in this report use key financial information from the audited summary financial statements. Economic information is obtained from Statistics Canada and the Manitoba Bureau of Statistics. Comparative data presented is not adjusted for inflation. Comparative results are restated to conform to any changes in accounting policy or presentation adopted in the current fiscal year. The financial indicators in this section present the results in the same format as presented in the Public Accounts of Manitoba.

### The Government's 2012/13 Financial Condition

This section describes the Government's financial health using the CPAC's three categories of sustainability, flexibility, and vulnerability. The section also describes each category and the related indicators. For each indicator, it provides trend data

## LA SITUATION FINANCIÈRE DU GOUVERNEMENT

Le Conseil sur la comptabilité dans le secteur public de Comptables Professionnels Agréés Canada (CPAC) publie un énoncé de pratiques recommandées dans lequel il suggère divers indicateurs financiers utiles à l'évaluation de la situation financière des gouvernements. Les indicateurs proposés ne sont pas associés à des valeurs de référence pour le secteur public. Ils correspondent plutôt à des ratios ou à des indicateurs de tendance qui dressent le portrait de la situation pendant un nombre donné d'exercices, pour faciliter les comparaisons et aider à l'évaluation de la santé financière du gouvernement dans la conjoncture économique et financière courante. Les indicateurs recommandés sont regroupés dans trois catégories :

- (1) **La durabilité** - mesure la capacité d'un gouvernement de maintenir ses programmes sans avoir à accroître ses emprunts.
- (2) **La flexibilité** - mesure la capacité d'un gouvernement de faire face à des engagements financiers grandissants en accroissant ses recettes ou en s'endettant davantage.
- (3) **La vulnérabilité** - mesure le degré de dépendance d'un gouvernement de sources de recettes qui échappent à son pouvoir direct ou à son influence, tant sur le plan national qu'international.

### Les sources de données et leurs limites

Les indicateurs financiers présentés dans le présent rapport se fondent sur des données financières clés contenues dans les états financiers sommaires vérifiés. Les données économiques proviennent de Statistique Canada et du Bureau des statistiques du Manitoba. Les données comparatives présentées ne sont pas ajustées en fonction de l'inflation. Par contre, les résultats comparatifs sont ajustés pour tenir compte de la méthode comptable ou de la présentation adoptée au cours de l'exercice financier considéré. Les indicateurs financiers de la présente section montrent les résultats dans le même format que celui des Comptes publics du Manitoba.

### La situation financière du gouvernement en 2012-2013

La présente section décrit la santé financière du gouvernement à l'aide des trois catégories de CPAC, soit la durabilité, la flexibilité et la vulnérabilité. Elle décrit également chacune des catégories et les indicateurs qui y sont associés. Pour chacun des

for Manitoba and highlights key trends.

### **Sustainability**

As noted above, sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its borrowings or tax burden.

Looking at trends for the following five indicators provides useful insight into the sustainability of a government's revenue-raising and spending practices:

- *Net Debt as a Percentage of Provincial GDP:* the relationship between a government's net debt and the income in the economy.
- *Net Debt-to-Total Annual Revenue:* the extent to which future revenues are required to pay for past transactions or events.
- *Accumulated Deficit-to-Provincial GDP:* the extent to which past and current deficits and surpluses influenced a government's ability to manage its indebtedness and operational challenges.
- *Annual Net Income (Loss):* the extent to which a government is living within its means.
- *Annual Net Income (Loss)-to-Provincial GDP:* the extent to which current period results influenced net debt.

### ***Net Debt as a Percentage of Provincial GDP***

The Government manages its revenue-raising and spending practices with due regard to the provincial economy. Looking at net debt and provincial GDP provides insights into these practices.

Net debt - the difference between a government's total liabilities and total financial assets - provides a measure of the future revenue required to pay for past

indicateurs, on fournit des données et on souligne les principales tendances de la province.

### **Durabilité**

Comme nous l'avons indiqué plus tôt, les ratios de durabilité mesurent la capacité d'un gouvernement d'assumer les engagements pris dans le cadre de ses programmes et de répondre aux exigences de ses créanciers sans avoir à accroître ses emprunts ou le fardeau fiscal.

L'observation des tendances qui se dégagent des cinq indicateurs suivants permet de se faire une idée concrète de la durabilité des pratiques du gouvernement en matière de dépenses et de production de recettes :

- *la dette nette en pourcentage du PIB provincial :* la relation entre la dette nette d'un gouvernement et les résultats de l'économie;
- *la dette nette en pourcentage des recettes annuelles totales :* la mesure dans laquelle les recettes à venir serviront à payer des opérations ou des événements passés;
- *le déficit accumulé en pourcentage du PIB provincial :* la mesure dans laquelle les déficits et les excédents passés et actuels et les excédents influent sur la capacité d'un gouvernement de gérer son endettement et les difficultés dans ses activités;
- *les recettes nettes (pertes nettes) annuelles :* la mesure dans laquelle le gouvernement vit selon ses moyens.
- *les recettes nettes (pertes nettes) annuelles en pourcentage du PIB provincial :* la mesure dans laquelle les résultats de la période courante influent sur la dette nette.

### ***La dette nette en pourcentage du PIB provincial***

Le gouvernement adapte ses pratiques en matière de dépenses et de production de recettes en fonction de l'économie de la province. Le ratio entre la dette nette et le PIB provincial donne un aperçu des résultats de ces pratiques.

La dette nette, le total des passifs du gouvernement moins le total de ses actifs financiers, indique les recettes qui devront être utilisées pour assumer



transactions and events. Net debt as a percentage of provincial GDP (net debt to GDP ratio) measures the level of future financial obligations placed on the economy by a government's cumulative spending and revenue-raising practices. It provides a measure of how much debt a government is carrying relative to the province's annual economic output.

Investment in capital improvements and replacement of deteriorating tangible capital assets, such as transportation infrastructure, also result in increased net debt. As the tangible capital investments are acquired, debt is incurred and then costs are amortized over their future useful life, essentially allocating costs to the period over which the assets will be used and over a period in which revenue will be generated. The percentage of net debt attributable to tangible capital investment has increased from 57.2% in 2008/09 to 61.9% in 2012/13, reflecting increased priority placed on renewing publicly funded capital assets.

Graph 1 shows the net debt to GDP ratio at March 31, 2013 was 26.8%, compared to 25.6% in the previous year. The increase in net debt in 2012/13 is primarily related to investments in tangible capital assets, including an increase in infrastructure spending and the operating loss that was forecast to continue through our recovery period. Continued investment in infrastructure, including repairing the damage caused by the 2011 flood and the mitigation of the impact of any future flood costs, has resulted in costs similar to those seen in 2011/12. The net debt for 2012/13 included a loss in other comprehensive income (OCI) of \$12 million, recorded by the government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have significant impact on the measurement of net debt. OCI is measured as the change in "mark-to-market" valuations, interest rates, and foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

Growth in GDP per capita must be taken into account to determine capacity to support debt. The GDP is a

financièrement des opérations ou des événements passés. La dette nette en pourcentage du PIB provincial (ratio de la dette nette au PIB) exprime le niveau d'obligations financières que devra assumer l'économie en raison des pratiques cumulatives en matière de dépenses et de production de recettes. Le pourcentage représente l'ampleur de la dette du gouvernement par rapport aux résultats économiques annuels de la province.

Des investissements dans l'amélioration des immobilisations et dans le remplacement des immobilisations corporelles sujettes à la détérioration, comme les infrastructures de transport, peuvent également accroître la dette nette. Au fur et à mesure que la province acquiert des immobilisations corporelles, elle contracte une dette, et le coût des nouvelles immobilisations est ensuite amorti sur leur vie utile, essentiellement en le passant en charges sur la période pendant laquelle les immobilisations seront utilisées et sur la période pendant laquelle elles produiront des recettes. Le pourcentage de la dette nette attribuable à l'investissement en immobilisations corporelles est passé de 57,2 % en 2008-2009 à 61,9 % en 2012-2013, un pourcentage qui traduit la priorité du gouvernement de renouveler les immobilisations publiques.

Le diagramme 1 montre que le ratio de la dette nette au PIB était de 26,8 % au 31 mars 2013, contre 25,6 % à la fin de l'exercice précédent. L'augmentation de la dette nette en 2012-2013 est principalement liée aux investissements en immobilisations corporelles, lesquels comprennent une augmentation des dépenses en matière d'infrastructure et la perte d'exploitation qui était prévue afin de poursuivre notre période de relance économique. Les investissements continus de visant l'infrastructure, dont la réparation des dommages causés par l'inondation de 2011 et les mesures d'atténuation des répercussions des coûts liés à toute inondation future, ont engendré des dépenses similaires à celles enregistrées en 2011-2012. La dette nette pour 2012-2013 comprenait une perte des autres éléments du résultat étendu enregistrée par les entreprises publiques de 12 million de dollars. Les autres éléments du résultat étendu représentent les profits ou pertes non réalisés calculés à un moment donné, et peuvent avoir des effets importants sur la mesure de la dette nette. Ils sont mesurés par rapport au changement dans les évaluations à la valeur de marché, dans les taux d'intérêt et dans les cours des devises étrangères en fin d'exercice, et donnent donc un aperçu ponctuel du changement des valeurs par rapport au même jour de l'exercice précédent.

La croissance du PIB par habitant doit être prise en compte pour déterminer la capacité d'endettement. Le



measure of the value of the goods and services produced in the Province during a given year. The GDP indicates the size of the provincial economy. The provincial economy grew steadily from \$51,676 million in 2008/09 to \$59,405 million in 2012/13 or by 15.0% during the five-year period. During this period, the annual consumer price index fluctuated between 0.6% and 3.0%.

PIB est une mesure de la valeur des biens et des services produits dans la province au cours d'une année donnée. Il indique la taille de l'économie provinciale. L'économie provinciale a progressé de façon constante, passant de 51 676 millions de dollars en 2008-2009 à 59 405 millions de dollars en 2012-2013, ce qui représente une croissance de 15,0 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 0,6 % et 3,0 %.

See page 58 for further analytical discussion on net debt.

Voir la page 58 pour une analyse complémentaire des questions entourant la dette nette.

**Graph 1**

**Diagramme 1**



#### **Net Debt-to-Total Annual Revenue**

#### **La dette nette en pourcentage des recettes annuelles totales**

Net debt is the amount that current and past generations have accumulated through annual losses and tangible capital investment. These amounts remain an obligation for future generations to fund through annual net income and annual amortization or to continue to carry as debt. It results when a government's total liabilities exceed total financial assets. A trend of increasing net debt-to-total annual revenue would indicate that an increasing amount of time will be needed to eliminate net debt.

La dette nette correspond à la somme des pertes et des investissements en immobilisations corporelles accumulée d'exercice en exercice par les générations actuelles et passées. Cette somme est une dette que les générations futures doivent continuer à reporter ou financer à même les recettes nettes annuelles et les amortissements annuels. On obtient une dette nette lorsque le total des passifs d'un gouvernement excède le total de ses actifs financiers. Une tendance à l'augmentation de la dette nette par rapport aux recettes annuelles totales signifierait que plus de temps serait nécessaire à l'élimination de la dette nette.

Since 2008/09, the net-debt-to total annual revenue has increased from 90.5% to 115.3%, reflecting the

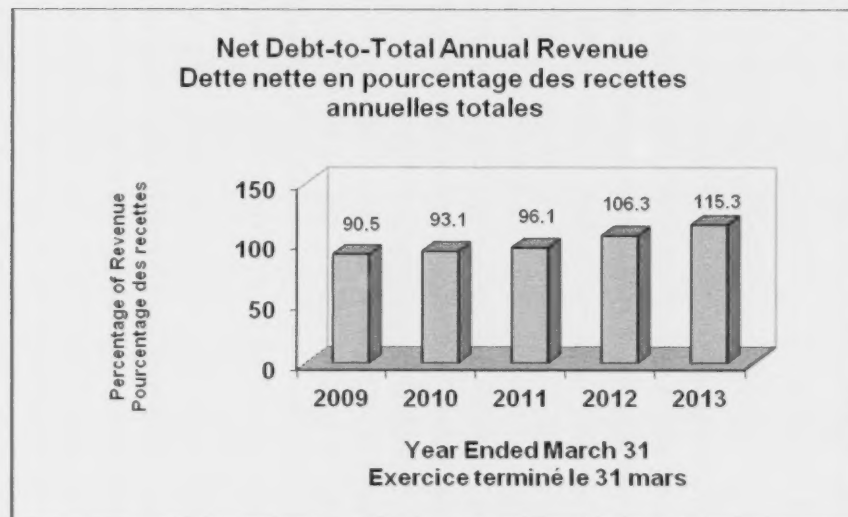
Depuis 2008-2009, le ratio de la dette nette aux recettes annuelles totales est passé de 90,5 % à

impact of the economic downturn and increased investments in tangible capital assets, including infrastructure stimulus spending. Graph 2 shows the current trend in the Government's ability to eliminate net debt. The change over time of the ratio of net debt to total annual revenue resulted from a combination of changes in net debt (see "Net Debt and Accumulated Deficit" section on page 58 for annual changes) and a tightening of revenues (see "Revenue" on pages 49-51 for annual changes).

115,3 %, reflétant les effets du ralentissement économique et la croissance des investissements en immobilisations corporelles, lesquels comprennent les dépenses de relance dans l'infrastructure. Le diagramme 2 illustre la tendance actuelle de la capacité du gouvernement à éliminer la dette nette. Le changement, au fil du temps, du ratio de la dette nette aux recettes annuelles totales est issu de la combinaison de changements dans la dette nette (voir la section intitulée « Dette nette et déficit accumulé », page 58, pour les changements annuels) et d'un resserrement des recettes (voir « Recettes », pages 49 à 51, pour les changements annuels).

**Graph 2**

**Diagramme 2**



**Accumulated Deficit-to-Provincial GDP**

**Le déficit accumulé en pourcentage du PIB provincial**

The accumulated deficit is the sum of all annual surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficit includes other comprehensive income, which is excluded from the calculation of the annual net income or loss. Other comprehensive income represents certain unrealized gains and losses on financial instruments reported by GBEs and is required by CPAC reporting standards. In accordance with recommendations of PSAB, other comprehensive income (loss) is not included in the Government's annual net operating results, but is instead recorded directly to the Province's statement of accumulated deficit. Other comprehensive income for 2012/13 was a negative \$12 million (2011/12 - \$77 million negative).

Le déficit accumulé est la somme de tous les excédents et déficits accumulés d'exercice en exercice jusqu'à ce jour, obtenue d'après des calculs conformes aux méthodes comptables en vigueur. Il comprend les autres éléments du résultat étendu, qui sont exclus du calcul des recettes nettes ou des pertes nettes de l'exercice. Les autres éléments du résultat étendu représentent des gains ou des pertes non réalisés sur des instruments financiers présentés par les entreprises publiques, et sont requises par les normes de présentation de l'information de CPAC. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public (CCSP), les autres éléments du résultat étendu (gains ou pertes) ne sont pas compris dans les résultats nets des activités de l'exercice du gouvernement, mais sont plutôt inscrits directement

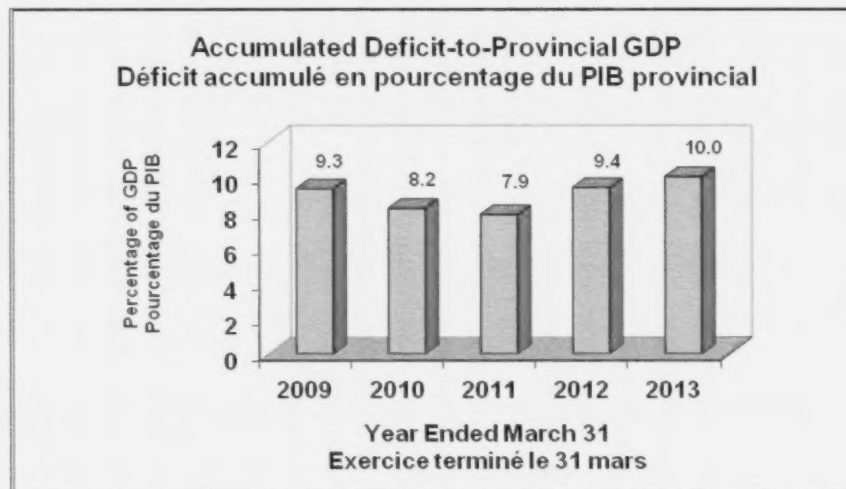
dans l'état du déficit accumulé de la Province. Les autres éléments du résultat étendu en 2012-2013 représentent 12 millions de dollars de pertes (contre 77 millions de dollars de pertes en 2011-2012).

The accumulated deficit as at March 31, 2013 increased \$1,120 million from 2008/09. Increases were primarily the result of recent losses incurred as a result of the global economic downturn and costs attributable to the unprecedented flood of 2011. The negative results incurred in the current year were offset by positive gains from 2008/09 through 2010/11.

Au 31 mars 2013, le déficit accumulé avait augmenté de 1 120 millions de dollars par rapport à 2008-2009. Cette augmentation a été principalement due aux pertes récentes encourues à la suite du ralentissement économique mondial et aux coûts attribuables aux inondations sans précédent de 2011. Les résultats négatifs obtenus au cours de l'exercice actuel ont été compensés par des gains de 2008-2009 à 2010-2011.

Graph 3

Diagramme 3



#### **Annual Net Income (Loss)**

The annual net income (loss) shows the extent to which a government generates revenues more or less than its operating expenses in one fiscal year.

Annual net income helps the Government maintain its services and provides an opportunity to lessen its borrowing needs. The annual net loss for the year ended March 31, 2013 was \$580 million.

See pages 49 – 51 for further analytical discussion on revenues.

#### **Les recettes nettes (pertes nettes) annuelles**

Les recettes (pertes) nettes montrent la mesure dans laquelle le gouvernement génère plus ou moins de recettes que ses dépenses de fonctionnement pendant un exercice financier.

Les recettes nettes annuelles aident le gouvernement à maintenir ses services et à réduire ses besoins en matière d'emprunts. Les pertes nettes de l'exercice qui s'est terminé le 31 mars 2013 s'élevaient à 580 millions de dollars.

Voir les pages 49 - 51 pour une analyse complémentaire des données sur les recettes.

Table 1

(\$ millions)/  
(en millions de dollars)

|  | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|--|---|---|---|---|---|
| Revenue/Recettes.....  | 13,786  | 13,688  | 13,069  | 12,502  | 12,611  |
| Total expenses/Dépenses<br>totales.....  | 14,366  | 14,689  | 13,250  | 12,687  | 12,162  |
| Summary Net Income (Loss)/Recettes<br>(pertes) nettes<br>sommaires.....  | (580)   | (1,001)   | (181)   | (185)   | 449   |
| Annual Net Income (Loss) to Provincial<br>GDP/Recettes (pertes) nettes en<br>pourcentage du PIB<br>provincial..... | (1.0)%  | (1.8)%  | (0.3)%  | (0.4)%  | 0.9%  |

#### **Annual Net Income (Loss)-to-Provincial GDP**

The ratio of net income (loss)-to-provincial GDP measures the difference between revenues and expenses expressed as a percentage of GDP.

Like many other provinces and the Government of Canada, that experienced the lingering effects of the global recession and the slowdown in the global recovery, 2012/13 recorded a loss as shown in Table 1.

See pages 47 and 48 for further analytical discussion on summary results.

#### **Flexibility**

Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

PSAB has recommended a number of financial indicators that assess a government's flexibility. The following indicators are considered applicable to provide insight into the Manitoba Government's flexibility:

- *Public Debt Charges to Total Revenue:* the extent to which borrowing decisions constrain a government's ability to meet financial and

Tableau 1

#### **Les recettes nettes (pertes nettes) en pourcentage du PIB provincial**

Le ratio des recettes nettes au PIB provincial mesure la différence entre les recettes et les dépenses en pourcentage du PIB.

Comme beaucoup d'autres provinces et le gouvernement fédéral, qui ont subi les effets persistants de la récession mondiale et du ralentissement de la relance mondiale, le Manitoba a enregistré des pertes en 2012-2013 (indiquées au tableau 1).

Voir les pages 47 et 48 pour une analyse complémentaire des résultats sommaires.

#### **Flexibilité**

La flexibilité mesure la capacité d'un gouvernement d'augmenter ses ressources financières pour faire face à des engagements croissants en augmentant ses recettes ou sa dette nette.

Le Conseil sur la comptabilité dans le secteur public recommande l'usage de divers indicateurs financiers pour juger de la flexibilité du gouvernement. Parmi ceux-ci, on considère que les indicateurs suivants aident à apprécier la flexibilité du gouvernement du Manitoba:

- *les frais de la dette publique en pourcentage des recettes totales :* mesure dans laquelle les décisions en matière d'emprunts restreignent



service commitments.

- *Own-source Revenue to Provincial GDP*: the extent to which a government is taking income out of the economy through taxation and user fees.
- *Annual Change to Net Book Value of Tangible Capital Assets*: the extent to which net changes in tangible capital assets affect future service potential.
- *Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets*: the extent to which the estimated useful lives of the Government's tangible capital assets are available to provide its products and services.

la capacité d'un gouvernement de faire face à ses engagements financiers et d'assurer la prestation des services prévus;

- *les recettes autonomes en pourcentage du PIB provincial*: mesure dans laquelle le gouvernement prélève des revenus dans l'économie sous forme d'impôts et de droits d'utilisation;
- *la variation annuelle de la valeur comptable nette des immobilisations corporelles*: mesure dans laquelle la variation nette des immobilisations corporelles touche le potentiel futur de services;
- *la valeur comptable nette des immobilisations corporelles en pourcentage de leur coût*: mesure dans laquelle la vie utile estimative des immobilisations corporelles d'un gouvernement lui permet de fournir des produits et des services.

#### **Public Debt Charges to Total Revenue**

The amount of public debt charges (interest costs) as a percentage of total revenue shows the extent to which a government must use revenue to pay for interest costs rather than to pay for services. The ratio shows how much of every dollar of a government's revenue is needed to pay interest. A lower ratio of interest costs as a percentage of revenue means a government uses a smaller proportion of its revenue to pay for interest costs.

Graph 4 shows that in 2008/09, the Government used 6.6 cents of every dollar of its revenue to pay interest. In 2012/13, 6.1 cents of every dollar of revenue was used. Reductions in interest costs relative to increases in revenue have given the Government more resources to provide services.

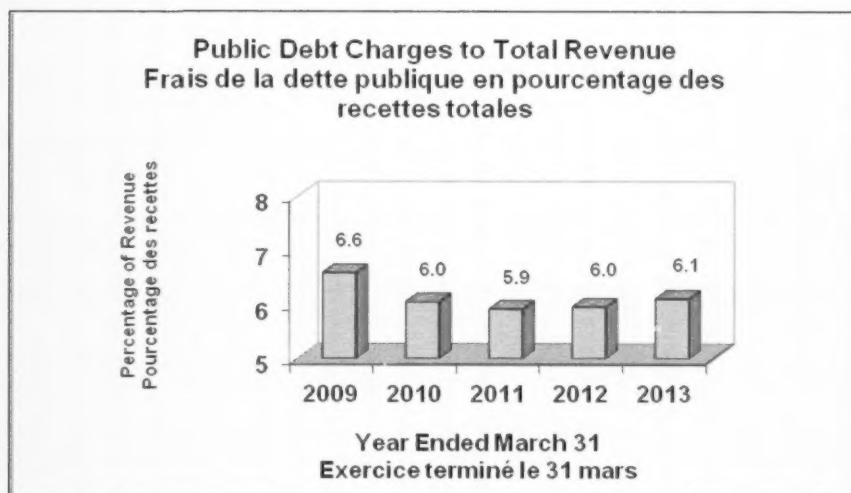
#### **Les frais de la dette publique en pourcentage des recettes totales**

La somme des frais de la dette publique (frais d'intérêt) en pourcentage des recettes totales montre la mesure dans laquelle un gouvernement doit utiliser des recettes pour payer des frais d'intérêt plutôt que des services. Le ratio montre la proportion par dollar de recettes du gouvernement qui sert à payer les intérêts. Un faible ratio entre les frais d'intérêt et les recettes indique que le gouvernement consacre une faible part de ses recettes aux frais d'intérêt.

Dans le diagramme 4, on observe qu'en 2008-2009, le gouvernement utilisait 6,6 cents par dollar de recettes pour assumer les frais d'intérêt. En 2012-2013, il a utilisé 6,1 cents par dollar de recettes pour la même fin. La réduction des frais d'intérêt relative à l'augmentation des recettes a fait en sorte que le gouvernement dispose de plus de ressources qu'avant pour la prestation de services.

Graph 4

Diagramme 4

**Own-source Revenue to Provincial GDP**

A government's own-source revenue as a percentage of provincial GDP shows how much revenue from the provincial economy a government can raise through taxation and user fees. High ratios or increases in ratios mean a government is placing higher demands on its provincial economy—indicating that its demands are outpacing growth in the economy.

From 2008/09, the pace of increases in the Government's own-source revenue (i.e., revenue raised from within the Province) has been changing at varying rates, increasing 0.4% in 2008/09, with a modest decline of 2.4% in 2009/10 and increasing again in 2010/11 through 2012/13 by 5.5%, 5.2% and 5.4%, respectively. During this same period, there have been varying increases in the size of the provincial economy, increasing 5.7% in 2008/09, offset by a slight decline of 0.2% in 2009/10, increasing again in 2010/11 through 2012/13 by 5.3%, 4.9% and 4.3%, respectively. Overall, the Government has not significantly changed its demands on the provincial economy over this time period.

The own-source revenue total does not include the net income from GBEs as these entities operate outside of the core government operations, given the semi-autonomous nature of their operations. Their revenues are not derived from taxation or user fees,

**Les recettes autonomes en pourcentage du PIB provincial**

Les recettes autonomes en pourcentage du PIB provincial montrent la part de recettes que le gouvernement prélève de l'économie provinciale sous forme d'impôts et de droits d'utilisation. Des ratios élevés ou à la hausse signifient que le gouvernement augmente les pressions qui s'exercent sur l'économie provinciale, indiquant que ses besoins dépassent la croissance de l'économie.

Depuis 2008-2009, le rythme de l'augmentation des recettes autonomes du gouvernement (les recettes provenant de la Province même) a varié. Il a augmenté de 0,4 % en 2008-2009, a un peu baissé (de 2,4 %) en 2009-2010, et a augmenté de 5,5 % en 2010-2011, de 5,2 % en 2011-2012 et de 5,4 % en 2012-2013. Au cours de la même période, il y a eu différentes augmentations de la taille de l'économie provinciale : une augmentation de 5,7 % en 2008-2009, suivie d'une légère baisse (0,2 %) en 2009-2010, puis des augmentations de 5,3 % en 2010-2011, de 4,9 % en 2011-2012 et de 4,3 % en 2012-2013. Dans l'ensemble, le gouvernement n'a pas modifié de façon importante ses demandes sur l'économie provinciale pendant cette période.

Les recettes autonomes totales ne comprennent pas les bénéfices nets des entreprises publiques étant donné leur nature semi-autonome et le fait que les opérations de ces entités sont exclues des opérations fondamentales du gouvernement. Leurs recettes ne



but from the supply of product or services.

proviennent pas d'impôts ou de droits d'utilisation, mais de l'offre de produits ou de services.

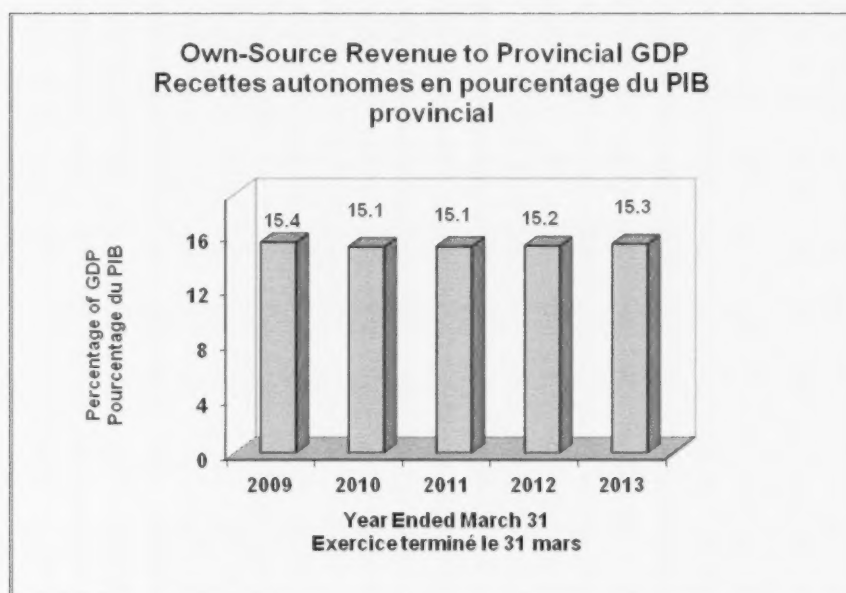
Graph 5 shows the relationship between the ratios of own-source revenue to Provincial GDP. GDP increased from \$51,676 million in 2008/09 to \$59,405 million in 2012/13 or 15.0%. The rate of own-source revenues remained stable in relation to the economy from 15.4% of GDP in 2008/09 to 15.3% in 2012/13. Own-source revenues increased by \$471 million or 5.4% from \$8,643 million in 2011/12 to \$9,114 million in 2012/13. The main contributors to the increase are as follows:

Le diagramme 5 montre la relation entre les ratios des recettes autonomes par rapport au PIB provincial. Le PIB est passé de 51 676 millions de dollars en 2008-2009 à 59 405 millions de dollars en 2012-2013, enregistrant un bond de 15,0 %. Le taux des recettes autonomes est demeuré stable par rapport à l'économie. Il est passé de 15,4 % du PIB en 2008-2009 à 15,3 % en 2012-2013. Les recettes autonomes ont augmenté de 471 millions de dollars ou 5,4%, passant de 8 643 millions de dollars en 2011-2012 à 9 114 millions de dollars en 2012-2013. Les principaux facteurs de l'augmentation sont les suivants :

- Revenue from income taxes increased by \$164 million, or 5.2%.
- Les impôts sur le revenu sont accrues de 164 millions de dollars, ou 5.2%;
- Revenue from retail sales tax increased \$109 million, or 6.6%.
- Les recettes issues de la taxe sur les ventes au détail ont augmenté de 109 millions de dollars, soit de 6,6 %.
- Revenue from other taxes increased \$113 million, or 6.7%.
- les recettes tirées d'autres taxes et impôts se sont accrues de 113 millions de dollars, ou 6,7 %;
- Revenue from fees and other revenues increased by \$92 million, or 4.8%.
- les droits perçus et autres recettes se sont accrus de 92 millions de dollars, ou 4,8 %;

Graph 5

Diagramme 5



### **Annual Change to Net Book Value of Tangible Capital Assets**

Tangible capital assets (TCAs) such as buildings, equipment, roads and dams are essential for the economy and for delivering government services.

The annual percentage change in the net book value of tangible capital assets measures the extent to which a government is maintaining, or failing to maintain, the tangible capital assets it needs to deliver its services. An increase means a government has spent more on these assets than it has reduced their value because of age and use (commonly called amortization or depreciation).

Continual increases in the net book value of tangible capital assets may indicate that a government is maintaining or enhancing its tangible capital asset base, which may lead to lower future maintenance or replacement costs because of decreased deterioration. As such, investing in TCAs can result in better financial results in future periods, which will not adversely influence service delivery and lead to decreased financial burdens on taxpayers in the future.

Recognizing the growing infrastructure needs in various sectors and the need to support continued growth in the economy, the Government is investing in public capital assets such as new or renewed hospitals, universities and colleges, the Red River Floodway Expansion project and Manitoba's highway system. In 2012/13, \$1,273 million was invested on new tangible capital assets, \$17 million of existing tangible capital assets were either disposed of or written down to correctly reflect their value, and the net book value of all tangible capital assets was reduced by \$511 million to account for annual amortization. The Government held significant tangible capital assets with a net book value of \$9,842 million at March 31, 2013.

See pages 60 - 61 for further analytical discussion on tangible capital assets.

### **La variation annuelle de la valeur comptable nette des immobilisations corporelles**

Les immobilisations corporelles, comme les immeubles, l'équipement, les routes et les barrages, sont essentielles à l'économie et à la prestation des services publics.

La variation annuelle en pourcentage de la valeur comptable nette des immobilisations corporelles indique la mesure dans laquelle un gouvernement entretient ou omet d'entretenir les immobilisations corporelles dont il a besoin pour fournir ses services. Une hausse signifie que le gouvernement a investi plus dans ses actifs que la valeur perdue par ceux-ci en raison de l'âge et de l'usure (appelée communément amortissement ou dépréciation).

La hausse continue de la valeur comptable nette des immobilisations corporelles peut indiquer qu'un gouvernement entretient ou améliore l'ensemble de ses immobilisations, mais peut entraîner une réduction des coûts futurs d'entretien et de remplacement en raison d'une détérioration moindre. Ainsi, le fait d'investir dans des immobilisations corporelles peut mener à de meilleurs résultats financiers dans l'avenir, ce qui ne nuira pas à la prestation des services en plus d'entraîner une réduction du fardeau financier des contribuables.

Reconnaissant les besoins croissants en infrastructure dans divers secteurs et la nécessité de soutenir la croissance continue dans l'économie, le gouvernement investit dans les immobilisations publiques, comme la rénovation ou la construction d'hôpitaux, d'universités et de collèges, le projet d'agrandissement du canal de dérivation de la rivière Rouge et l'amélioration du réseau routier du Manitoba. En 2012-2013, on a investi 1 273 millions de dollars dans de nouvelles d'immobilisations corporelles, déduit 17 millions de dollars en immobilisations corporelles existantes qui en été cédées ou dévaluée pour les rendre plus conformes à leur valeur réelle, et réduit de 511 millions de dollars la valeur comptable nette de toutes les immobilisations corporelles de façon à tenir compte de l'amortissement annuel. La valeur comptable nette des immobilisations corporelles du gouvernement s'élevait à plus de 9 842 millions de dollars le 31 mars 2013.

Voir les pages 60 à 61 pour une analyse complémentaire des données sur les immobilisations corporelles.

**Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets**

The ratio of the net book value of tangible capital assets to the cost of tangible capital assets is important because it illustrates the relationship of the estimated useful life of government assets that is available to provide future service.

Graph 6 shows that the Government has been consistent in its management of capital to deliver services. The annual total tangible capital cost increased \$1,193 million from \$15,526 million in 2011/12 to \$16,719 million in 2012/13. The total cost of assets under construction, including infrastructure, as at March 31, 2013 is \$1,217 million (2011/12 - \$1,184 million). Assets under construction are not depreciated (amortized) until they are put into service. The \$1,217 million includes spending of \$975 million in buildings and leasehold improvements, and \$242 million for infrastructure projects such as road grading and surfacing and a number of bridge and structure projects. (See pages 60 - 61 for further analysis and discussion on tangible capital assets.)

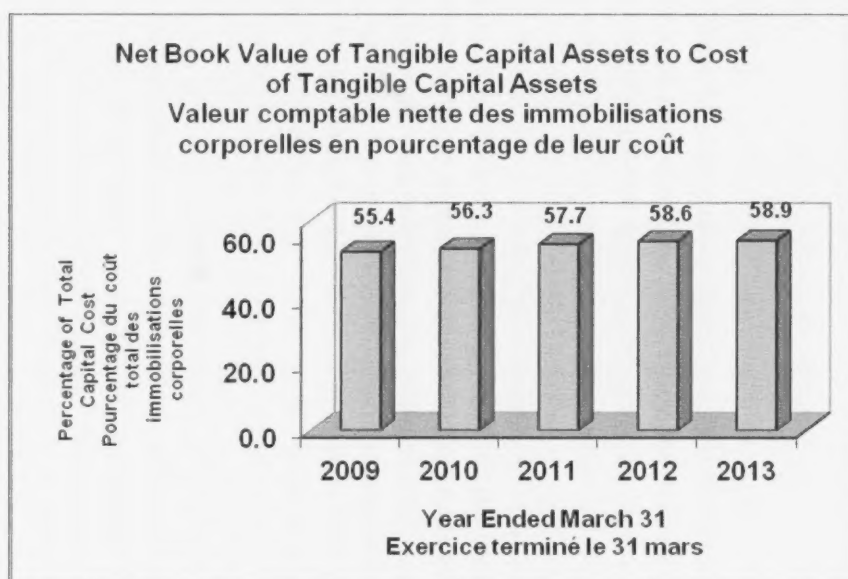
**La valeur comptable nette des immobilisations corporelles en pourcentage de leur coût**

Le ratio de la valeur comptable nette des immobilisations corporelles à leur coût est très utile, car il est associé à la vie utile estimative des immobilisations corporelles dont le gouvernement disposera pour fournir des services futurs.

Le diagramme 6 montre que le gouvernement a maintenu de façon constante les immobilisations utiles à sa prestation de services. Le coût global annuel des immobilisations corporelles a augmenté de 1 193 millions de dollars, passant de 15 526 millions de dollars en 2011-2012 à 16 719 millions de dollars en 2011-2013. Au 31 mars 2013, le coût global des immobilisations en construction y compris les infrastructures, était de 1 217 millions de dollars (contre 1 184 millions de dollars en 2011-2012). Les immobilisations en construction ne sont pas amorties avant le début de leur utilisation. Les 1 217 millions de dollars comprennent 975 millions de dépenses consacrées à la construction de bâtiments et à des améliorations locatives, ainsi que 242 millions de dollars consacrés aux projets d'infrastructure comme le nivellement et le surfacage des routes, et plusieurs projets de ponts et autres ouvrages. (Voir les pages 60 et 61 pour une analyse et une discussion complémentaires au sujet des données sur les immobilisations corporelles.)

**Graph 6**

**Diagramme 6**



### **Vulnerability**

Vulnerability is the degree to which a government is dependent upon, and therefore, vulnerable to sources of revenue outside of its direct control or influence. A high degree of dependency may indicate a government is reliant on outside sources of financing to deliver programs and services at the current level and quality. However, outside sources of financing when applied to capital projects and other one-time or non-operational programs may not materially increase a government's revenue vulnerability.

Recommended indicators for providing insight into the Government's vulnerability include:

- *Federal Transfers to Own-source Revenue;*
- *Federal Transfers to Total Revenue; and*
- *Foreign Currency Debt to Net Debt.*

### **Revenue from Federal Government Transfers**

Transfers from the Government of Canada are a significant source of revenue for Manitoba, accounting for about 28.7% (31.6% - 2011/12) of total summary provincial revenues in 2012/13. As a result, the province's fiscal position is somewhat vulnerable, at least in the short term, to material reductions in federal transfers.

Major federal transfers include Equalization (an unconditional grant to receiving provinces), the Canada Health Transfer (a block transfer in support of health care services) and the Canada Social Transfer (a block transfer in support of post-secondary education, social assistance and social services, including early childhood development and early learning and child care).

The Equalization Program is the Government of Canada's main transfer program for addressing fiscal disparities (differences in revenue-raising capacity) among provinces. It was entrenched in Canada's Constitution in 1982. Equalization payments are intended to make it possible for receiving provinces to provide their residents with public services that are reasonably comparable to those in other provinces, at

### **Vulnérabilité**

La vulnérabilité correspond au degré de dépendance du gouvernement, et donc de vulnérabilité, par rapport aux sources de recettes qui ne dépendent pas directement de lui ni de son influence. Un degré de dépendance élevé peut indiquer qu'un gouvernement compte sur des sources de financement externes pour offrir la même gamme et qualité de programmes et services. Cependant, des sources extérieures de financement affectées aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement la vulnérabilité d'un gouvernement envers les sources de revenu.

Les indicateurs recommandés pour apprécier la vulnérabilité du gouvernement comprennent :

- *les transferts fédéraux en pourcentage des recettes autonomes;*
- *les transferts fédéraux en pourcentage des recettes totales;*
- *la dette en devises en pourcentage de la dette nette.*

### **Les recettes provenant des transferts du gouvernement fédéral**

Les transferts du gouvernement du Canada constituent une source de revenus importante pour le Manitoba, représentant environ 28,7 % (31,6% et 2011-2012) du total des recettes sommaires provinciales en 2012-2013. De ce fait, la province est dans une situation financière quelque peu vulnérable aux réductions matérielles des transferts fédéraux, au moins à court terme.

Les principaux transferts fédéraux comprennent la péréquation (une subvention inconditionnelle aux provinces bénéficiaires), le Transfert canadien en matière de santé (un transfert global visant le financement des soins de santé) et le Transfert canadien en matière de programmes sociaux (financement global pour les études postsecondaires, l'aide sociale et les services sociaux, y compris le développement, l'apprentissage et la garde des jeunes enfants).

Le programme de péréquation est le principal programme de transfert du gouvernement canadien conçu pour aplanir les disparités fiscales (les différences dans la capacité des provinces de générer des revenus) entre les provinces. Il a été inscrit dans la Constitution du Canada en 1982. L'objectif des paiements de péréquation est de permettre aux gouvernements provinciaux bénéficiaires de fournir à leurs résidents des



reasonably comparable levels of taxation.

Manitoba received \$1,872 million in Equalization in 2012/13, including \$201.3 million in federal Total Transfer Protection payments. Equalization accounted for about 13.6% of total 2012/13 summary provincial revenues.

The Canada Health Transfer (CHT) and Canada Social Transfer (CST) are set in legislation up to 2013/14 and, together with their respective 6% and 3% annual automatic escalators, help ensure stable and predictable federal support over the medium-term. Total CHT support is allocated using a formula that takes into account legislated cash levels, population and the equalized value of transferred tax points, while the CST has been allocated on an equal per capita cash basis since 2007/08.

Manitoba received \$1,487 million in combined CHT and CST revenues in 2012/13, or about 10.8% of total provincial summary revenues. Increases in annual CHT support reflect the 10-Year Plan to Strengthen Health Care, an agreement, signed by all First Ministers in 2004 that resulted in \$41 billion in new federal funding over 10 years (2004/05 to 2013/14).

Long-term and growing federal support through the CHT and CST contributes to national objectives by helping ensure provinces and territories have the resources they need to provide essential services in areas such as health care, post-secondary education (PSE), child programming and social services.

The current outlook for transfers from the Government of Canada is based on existing federal-provincial-territorial funding arrangements. While the Province has no direct control over the amount it receives each year, it does have some opportunity to influence the framework and direction of fiscal transfers through consultations with the Government of Canada.

services publics sensiblement comparables à ceux offerts dans d'autres provinces à des taux d'imposition sensiblement comparables.

En 2012-2013, le Manitoba a reçu 1,872 millions de dollars en paiements de péréquation, dont 201.3 millions de dollars en paiements de protection sur les transferts fédéraux totaux. Les paiements de péréquation représentaient environ 13,6 % du total des recettes sommaires provinciales en 2012-2013.

Le Transfert canadien en matière de santé (TCS) et le Transfert canadien en matière de programmes sociaux (TCPS) sont inscrits dans la loi jusqu'en 2013-2014. Leurs niveaux, qui augmenteront au moyen des facteurs de progression annuelle de 6 % et de 3 % respectivement, aident à garantir un appui fédéral stable et prévisible à moyen terme. Les montants totaux du TCS sont alloués en fonction, de la population et de la valeur des transferts de points d'impôts après péréquation, tandis que le TCPS est calculé selon un montant en espèces égal par habitant depuis 2007-2008.

En 2012-2013, le Manitoba a reçu 1,487 millions de dollars en paiements combinés du TCS et du TCPS, ce qui représentait environ 10,8 % du total des recettes sommaires provinciales. Les augmentations du financement annuel du TCS reflètent les dispositions du Plan décennal pour consolider les soins de santé, adopté par les premiers ministres en septembre 2004, par lequel le gouvernement fédéral s'est engagé à verser 41 milliards de dollars en nouveaux fonds aux provinces et aux territoires pendant une période de dix ans (de 2004-2005 à 2013-2014).

Le soutien croissant et à long terme du gouvernement fédéral dans le cadre du TCS et du TCPS va dans le sens des objectifs nationaux en aidant les provinces et les territoires à obtenir les ressources qu'il leur faut pour assurer des services essentiels dans des domaines tels que les soins de santé, l'enseignement postsecondaire, les programmes destinés aux enfants et les services sociaux.

Les perspectives actuelles d'évolution des transferts du gouvernement canadien sont fondées sur les modalités du financement fédéral-provincial-territorial existantes. Bien que la province n'exerce pas de contrôle direct sur le montant qu'elle reçoit chaque année, elle a tout de même une certaine influence sur les grandes lignes et l'orientation des transferts fiscaux dans le cadre de ses consultations avec le gouvernement du Canada.

In 2012/13 the Government of Canada confirmed its intentions regarding the renewal of the major transfer programs which are due to expire in 2014. Both the CST and CHT were extended for 10 years and will be now be allocated on an equal per capita basis starting in 2014/15. A key change is a reduction in the growth of health care supports through the CHT beginning in 2017/18. The federal government also announced the current "capped" Equalization Program would be extended for five years to 2018/19.

See page 49 for a review of federal transfers from 2008/09 to 2012/13.

### ***Federal Transfers to Own-source Revenue***

Federal transfers as a percentage of own-source revenue measures the extent to which a province raises its own revenue from within the province, as compared to the amount it receives from the Government of Canada. A high percentage may indicate a provincial government relies a great deal on federal transfers to operate. However, where federal funds are applied to capital projects, one-time programs or used for other non-operational purposes, reliance may not be substantially increased.

An increase in a province's own-source revenue generally makes it less vulnerable to unanticipated changes in levels of federal transfers. It also enhances its ability to fund provincial programs, invest in infrastructure, and to continue to fully fund programs initiated with federal one-time transfers once federal funding has ceased. It should be noted that the ratio of federal transfers to own-source revenue may vary from year-to-year as a result of increases or decreases in a government's own-source revenue.

Federal transfers as a percentage of Manitoba's own-source revenue have remained generally constant over the last five years. Transfers decreased in 2012/13 by \$379 million, made up of \$70 million in increased health and social transfers, decreased Equalization of \$70 million and a decrease of \$379 million from shared-cost agreements. Shared-cost agreements are related to programs, such as the infrastructure renewal funding, disaster financial assistance, shared agricultural programs and shared capital refinancing, amongst others. The largest decrease in shared-cost related to declines in disaster

En 2012-2013, le gouvernement du Canada a confirmé son intention de renouveler les principaux programmes de transferts, lesquels doivent expirer en 2014. Le TCS et le TCPS ont été prolongés pour 10 ans, et seront maintenant alloués selon un montant égal par habitant à compter de 2014-2015. Un changement à noter est la réduction de la croissance des soutiens pour les soins de santé dans le cadre du TCS à compter de 2017-2018. Le gouvernement fédéral a aussi annoncé que le programme actuel de péréquation « plafonné » sera prolongé pour cinq ans à compter de 2018-2019.

Voir la page 49 pour une analyse des transferts fédéraux de 2008-2009 à 2012-2013.

### ***Les transferts fédéraux en pourcentage des recettes autonomes***

Le ratio des transferts fédéraux aux recettes autonomes établit le rapport entre les fonds versés par le gouvernement du Canada et la mesure dans laquelle le gouvernement provincial génère ses propres recettes dans la province. Un pourcentage élevé peut indiquer que le gouvernement provincial dépend beaucoup des transferts fédéraux pour mener ses activités. Cependant, les fonds fédéraux affectés aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement cette dépendance de façon significative.

Une augmentation des recettes autonomes d'une province la rend habituellement moins vulnérable aux changements imprévus touchant les niveaux de transferts fédéraux. Elle augmente aussi sa capacité de financer les programmes provinciaux, d'investir dans l'infrastructure et de continuer à financer pleinement les programmes lancés grâce à des transferts fédéraux non récurrents lorsque le financement fédéral prend fin. Il convient de noter que le ratio des transferts fédéraux aux recettes autonomes peut varier d'un exercice à l'autre à la suite de l'augmentation ou de la diminution des recettes autonomes du gouvernement.

Le montant des transferts fédéraux en pourcentage des recettes autonomes du Manitoba est demeuré généralement stable au cours des cinq derniers exercices. En 2012-2013, les transferts ont baissé de 379 millions de dollars. Ces transferts compaient une augmentation de 70 millions de dollars en matière de santé et de programmes sociaux, une baisse de la péréquation de 70 millions de dollars et une baisse de 379 millions de dollars dans le cadre des ententes relatives aux frais partagés. Les ententes relatives aux frais partagés étaient liées à certains programmes, notamment le financement de renouvellement pour



financial assistance recovers from the levels seen in 2011/12, as a result of the 2011 flood.

l'infrastructure, l'aide financière en cas de catastrophe, les programmes en matière d'agriculture et le refinancement des capitaux. La plus grande baisse en matière de frais partagés était liée à la baisse des recouvrements de l'Aide financière en cas de catastrophe à la suite de 2011.

See pages 49 - 51 for an analysis of own-source revenues.

Voir les pages 49 - 51 pour une analyse complémentaire des données sur les recettes autonomes.

#### **Federal Transfers to Total Revenue**

The ratio of federal transfers to total revenue indicates the vulnerability of provinces to changes in transfer support from the Government of Canada.

As can be seen from Graph 7, the ratio of federal transfers to total provincial revenue remained fairly constant from 2008/09 to 2012/13, demonstrating that Manitoba's vulnerability to changes in Federal transfer support has not materially changed over the past five years.

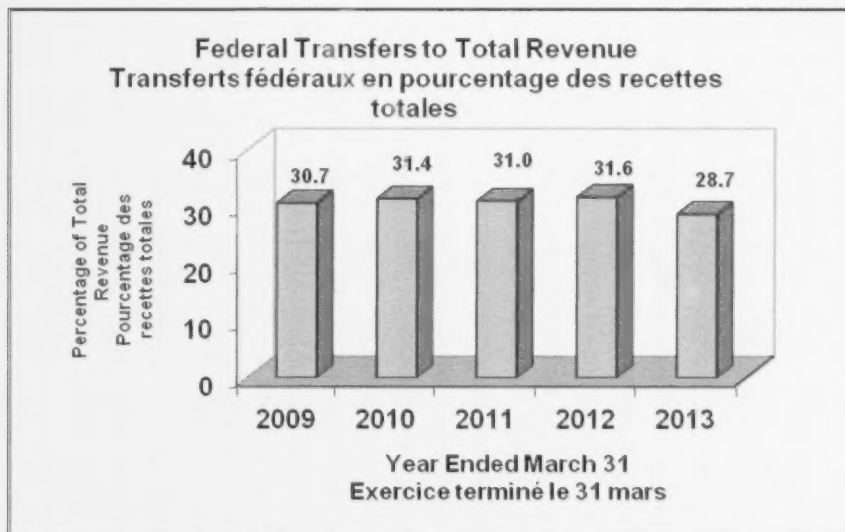
#### **Les transferts fédéraux en pourcentage des recettes totales**

Le ratio des transferts fédéraux aux recettes totales indique la vulnérabilité des provinces aux variations dans les transferts en provenance du gouvernement du Canada.

Comme on peut le voir sur le Diagramme 7, le ratio des transferts fédéraux au total des recettes provinciales est resté relativement stable de 2008-2009 à 2012-2013. Cela montre que la vulnérabilité du Manitoba par rapport aux changements relatifs aux transferts fédéraux n'a guère varié depuis cinq ans.

**Graph 7**

**Diagramme 7**



#### **Foreign Currency Debt to Net Debt**

The ratio of foreign currency debt to net debt for 2012/13 is zero because the foreign exchange risk is considered to be fully hedged through the use of derivative instruments such as swaps, forward foreign exchange contracts, as well as future U.S. dollar revenue streams and U.S. dollar sinking funds. In 1999, foreign currency exposure was approximately 19% of core government debt. The amount of foreign currency debt outstanding at March 31, 2013 is \$8,443 million (2012 - \$6,887 million), both of which were fully hedged. Decreasing the ratio of foreign currency debt to net government debt through hedging activities mitigates the risk of debt servicing costs rising due to changes in foreign currency rates and improves the Province's financial position.

#### **La dette en devises en pourcentage de la dette nette**

Le ratio de la dette en devises à la dette nette pour 2012-2013 est fixé à zéro, car le risque de change est considéré comme entièrement couvert par l'usage d'instruments dérivés, comme les swaps, les contrats de change à terme, ainsi que par les flux de rentrées de dollars US à venir et les fonds d'amortissement en dollars US. En 1999, le risque de change représentait environ 19 % de la dette générale du gouvernement. Le montant de la dette en devises au 31 mars 2013 était de 8 443 millions de dollars, contre 6 887 millions de dollars en 2012, et le risque était complètement couvert les deux exercices. La diminution du ratio de la dette en devises à dette nette du gouvernement grâce aux activités de couverture atténue le risque d'une hausse des frais de service de la dette en raison des variations dans le cours de monnaies et améliore la situation financière de la province.

## RISKS AND UNCERTAINTIES

The Government's main exposure to risks and uncertainties arises from variables which it does not directly control. These include:

- Economic factors such as commodity prices, personal income, retail sales, and population growth.
- Adverse events or unusual weather patterns that can influence overall annual results.
- Outcomes from litigation, arbitration and negotiations with third parties.
- Changes in federal transfers.
- Utilization rates for Government services such as health care, children and family services, or employment assistance.
- Exposure to interest rate fluctuations, foreign exchange rates and credit risk.
- Changes in Canadian and International accounting standards.
- Identification and quantification of environmental liabilities.
- Volatility of results including amounts consolidated from other reporting entities.

## LES RISQUES ET LES INCERTITUDES

La principale exposition du gouvernement aux risques et aux incertitudes résulte de variables qui ne dépendent pas directement de lui. Ces variables sont entre autres :

- des facteurs économiques, comme le cours des matières premières, le revenu des particuliers, les ventes au détail et l'accroissement de la population;
- des événements néfastes ou des régimes climatiques inhabituels qui peuvent influencer sur les résultats annuels d'ensemble;
- les résultats de procès, d'arbitrages ou de négociations avec des tiers;
- les modifications des transferts fédéraux;
- les taux d'utilisation des services du gouvernement, comme les soins de santé, les services à l'enfant et à la famille et l'aide à l'emploi;
- l'exposition aux fluctuations des taux d'intérêt, aux taux de change et au risque de crédit;
- les modifications des normes comptables au Canada et à l'échelle internationale;
- la détermination et la quantification du passif environnemental;
- la volatilité des résultats, y compris les résultats consolidés d'autres entités comptables.

**VARIANCE ANALYSIS AND ASSESSMENT OF SIGNIFICANT TRENDS/  
ANALYSE DES ÉCARTS ET DES PRINCIPALES TENDANCES**

**Summary Net Income (Loss)/  
Recettes (pertes) nettes sommaires**

| (\$ millions)/<br>(en millions de dollars)   | Variance/Écart                               |   |   |   |   |
|--|--|---|---|---|---|
|  | 2012/13<br>Budget/<br>Budget de<br>2012-2013 | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2012/13 vs<br>2011/12<br>Actual/<br>Chiffres réels<br>de 2012-<br>2013 et de<br>2011-2012 | 2012/13 Actual<br>to Budget/<br>Chiffres réels<br>et budget de<br>2012-2013 |
| <b>Revenue and Expense Items/<br/>Éléments des recettes et des dépenses</b>  |  |   |   |   |   |
| <b>Revenue/Recettes</b>  |  |   |   |   |   |
| Income Taxes/Impôts.....   | 3,201  | 3,302   | 3,138   | 164   | 101   |
| Other Taxes/Autres taxes.....  | 3,788  | 3,572   | 3,350   | 222   | (216)   |
| Fees and Other Revenue/Droits et<br>autres recettes.....   | 2,009  | 1,998   | 1,906   | 92  | (11)  |
| Sinking Funds and Other Earnings/<br>Fonds d'amortissement et autres<br>revenus.....                                       | 242  | 242   | 249   | (7)   | -   |
| <b>Total Own-Source Revenue/Total<br/>des recettes autonomes.....</b>  | <b>9,240</b>                                 | <b>9,114</b>  | <b>8,643</b>  | <b>471</b>  | <b>(126)</b>  |
| Government Business Enterprises/<br>Entreprises publiques.....   | 722  | 719   | 713   | 6   | (3)   |
| Federal Government Transfers/<br>Transferts fédéraux.....  | 3,889  | 3,953   | 4,332   | (379)   | 64  |
| <b>Total revenue/<br/>Recettes totales.....</b>  | <b>13,851</b>                                | <b>13,786</b>   | <b>13,688</b>   | <b>98</b>   | <b>(65)</b>   |
| <b>Expenses/Dépenses</b>   |  |   |   |   |   |
| Health and Healthy Living/Santé et<br>Vie saine.....   | 5,546  | 5,487   | 5,328   | 159   | (59)  |
| Education/Éducation.....   | 3,710  | 3,569   | 3,389   | 180   | (141)   |
| Family Services/ Services à la<br>famille.....   | 1,064  | 1,062   | 1,013   | 49  | (2)   |
| Community, Economic and<br>Resource Development/<br>Développement des communautés,<br>de l'économie et des ressources..... | 2,317  | 2,405   | 2,734   | (329)   | 88  |
| Justice and Other Expenditures/<br>Justice et autres dépenses.....   | 817  | 1,004   | 1,410   | (406)   | 187   |
| Debt Servicing/Service de la dette...  | 857  | 839   | 815   | 24  | (18)  |
| <b>Total Expenses/<br/>Dépenses totales.....</b>   | <b>14,311</b>                                | <b>14,366</b>   | <b>14,689</b>   | <b>(323)</b>  | <b>55</b>   |
| <b>Summary Net Income (Loss)<br/>/Recettes (pertes) nettes<br/>sommaires.....</b>  | <b>(460)</b>                                 | <b>(580)</b>  | <b>(1,001)</b>  | <b>421</b>  | <b>(120)</b>  |

The summary net income is the net financial result of the year's operations. The Government ended the year with a net loss of \$580 million, which is \$120 million higher than the budgeted net loss of \$460 million. In 2012/13, total revenues were \$13,786 million and total expenses were \$14,366 million.

Les recettes nettes sommairessont le résultat financier net des activités de l'exercice. À la fin de l'exercice, la Province affichait une perte nette de 580 millions de dollars, soit 120 millions de dollars de plus que la perte nettes de 460 millions de dollars prévues dans le budget. En 2012-2013, les recettes totales ont atteint 13 786 millions de dollars, et les dépenses totales se sont élevées à 14 366 millions de dollars.

The most significant factors that impacted changes in summary results from budget were:

Les principaux facteurs de l'écart entre les résultats sommairessont les prévisions sont les suivants :

- An increase in income tax revenue of \$101 million related to higher than anticipated prior year adjustments and increased intitlements.
- Declines in other taxes are primarily due to lower than expected economic growth resulting in declines in Retail Sales Tax revenue, and reductions to Education Property Taxes from the application of new accounting standards that require Education Property Tax credits to be netted against the related income, instead of being expensed.
- Declines in Education expense are primarily the result of a summary presentation restatement of the Education Property Tax credits that are now being reflected as a reduction made to the related income, as opposed to being expensed.
- Budget 2012 included a reduction in program portfolio management reviews which was allocated to the Community, Economic and Resource Development sector. Current year actuals reflect these savings in the departments where they were achieved. Overall expenses are in line with budgeted amounts.

- L'augmentation de 101 millions de dollars des recettes tirées de l'impôt sur le revenu est liée à des rajustements plus importants que prévu au cours de l'exercice précédent et à une augmentation des droits.
- Les baisses des recettes tirées d'autres taxes sont principalement dues à une croissance économique plus faible que prévu, ayant pour résultat une baisse des recettes de la taxe sur les ventes au détail et des réductions des impôts fonciers pour l'éducation à la suite de l'application des nouvelles normes comptables qui exigent que les crédits d'impôt foncier pour l'éducation soient déduits des revenus y étant liés au lieu d'être dépensés.
- La baisse des dépenses en matière d'éducation est principalement due à un retraitement des états financiers sommairessont les crédits d'impôt foncier pour l'éducation, lesquels sont maintenant comptabilisés comme des réductions faites aux recettes y étant liées au lieu d'être dépensés.
- Le Budget 2012 prévoyait des économies découlant des Examens de la gestion du portefeuille des programmes qui ont été allouées au ministère de la Développement des communautés, de l'économie et des ressources secteurs. Les chiffres réels de l'exercice en cours reflètent ces économies dans les ministères où ces réductions ont été effectuées. Les dépenses globales correspondent aux prévisions budgétaires.

Additional variance analysis on the changes in revenues and expenses between 2012/13 and 2011/12 is included in later sections of this report.

D'autres analyses des écarts concernant la variation des recettes et des dépenses entre 2012-2013 et de 2011-2012 sont présentées plus loin dans le présent rapport.



## Revenue

Revenue trend analysis provides users with information about significant changes in revenue over time and between sources, enabling users to evaluate past performance and assess potential implications for the future.

## Recettes

L'analyse de la tendance des recettes renseigne les lecteurs sur les principales variations dans les recettes selon les exercices et les sources, et leur permet d'évaluer la performance passée et les possibles implications dans l'avenir.

(\$ millions)/

(en millions de dollars)

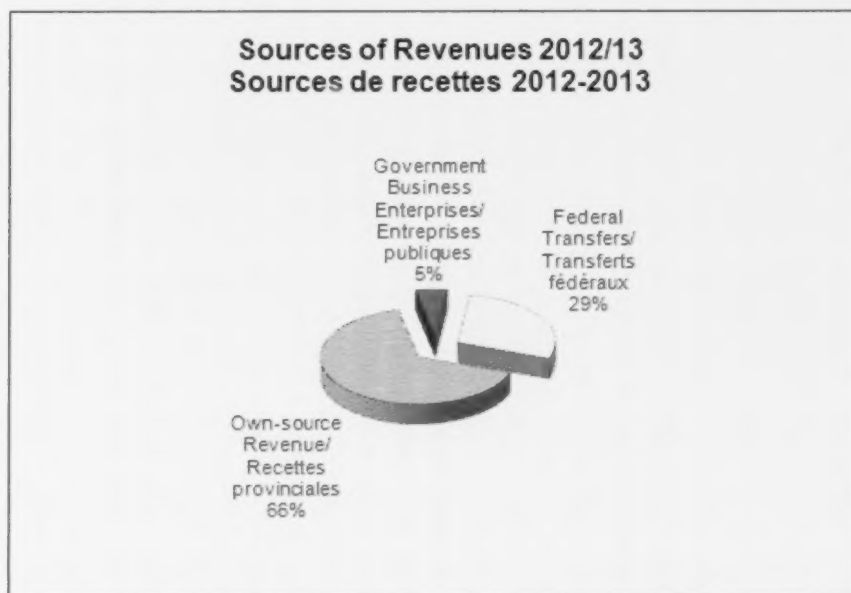
Revenue Source/  
Source de recettes

|   | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|---|---|---|---|---|---|
| Income taxes/Impôts.....  | 3,302   | 3,138   | 2,938   | 2,674   | 2,856   |
| Retail sales tax/<br>Taxe sur les ventes au détail.....   | 1,767   | 1,658   | 1,576   | 1,527   | 1,527   |
| Education property tax/<br>Impôts fonciers en matière<br>d'éducation.....                                     | 587   | 554   | 545   | 533   | 530   |
| Mining and other taxes/ Taxe<br>minière et autres taxes.....  | 590   | 577   | 573   | 524   | 536   |
| Levy for health and<br>education/Impôt destiné à<br>l'enseignement et aux services<br>de santé.....           | 296   | 292   | 269   | 264   | 261   |
| Fuel taxes/Taxes sur les<br>carburants.....   | 332   | 269   | 256   | 255   | 253   |
| Fees and other revenue/Droits et<br>autres recettes.....  | 1,998   | 1,906   | 1,828   | 1,792   | 1,722   |
| Sinking fund and other<br>investment earnings/Fonds<br>d'amortissement et autres<br>revenus de placement..... | 242   | 249   | 230   | 220   | 296   |
| Net income from government<br>business enterprises/Bénéfice<br>nets des entreprises<br>publiques.....         | 719   | 713   | 807   | 789   | 764   |
| Federal transfers/Transferts<br>fédéraux.....   | 3,953   | 4,332   | 4,047   | 3,924   | 3,866   |
| <b>Total Revenue/ Recettes<br/>totales.....</b>   | <b>13,786</b>   | <b>13,688</b>   | <b>13,069</b>   | <b>12,502</b>   | <b>12,611</b>   |



The Government's main revenue sources for 2012/13 are identified in the following chart.

Les principales sources de recettes du gouvernement pour 2012-2013 figurent dans le diagramme qui suit.



Total revenue in 2012/13 was \$13,786 million, an increase of 0.7% from 2011/12, as a result of the following:

Les recettes totales en 2012-2013 ont atteint 13 786 millions de dollars, ce qui représente une augmentation de 0,7% par rapport à 2011-2012. Ce bond est attribuable aux faits suivants :

- Income taxes were \$164 million (5.2%) higher as a result of increased in-year entitlements caused by increased national taxable income.
- In 2012/13, Retail Sales Tax revenue increased by \$109 million (6.6%) because of improvements experienced in the provincial economy and increases to the tax base.
- Fuel taxes increased by \$63 million (23.4%) as a result of higher fuel consumption and rate increases implemented in Budget 2012.
- Fees and other revenue increased by \$92 million (4.8%) due to increases in third-party recoveries by Crown organizations, resulting from increased program activity.
- Les impôts sur le revenu ont augmenté de 164 millions de dollars (soit de 5,2 %) grâce à la croissance des droits de l'exercice en cours due à une augmentation du revenu imposable national.
- En 2012-2013, les recettes tirées de la taxe sur les ventes au détail ont augmenté de 109 millions de dollars (soit de 6,6 %) en raison de l'amélioration de l'économie provinciale et de l'augmentation de l'assiette fiscale.
- Les recettes tirées des taxes sur le carburant ont augmenté de 63 millions de dollars (soit de 23,4 %) en raison d'une plus grande consommation de carburant et des augmentations de taux mises en place dans le Budget 2012.
- Les droites et autres recettes ont connu une augmentation de 92 millions de dollars (4,8 %) en raison de l'augmentation des recouvrements auprès de tiers par des organisations de la Couronne, attribuable à la hausse de l'activité des programmes.

- Federal transfers were \$379 million (8.7%) lower, resulting from increases in Canada Health Transfers (\$70 million), declines in Equalization (\$70 million) and decreases in shared cost revenue (\$379 million), primarily as a result of declines in federal revenue related to the 2011 flood.

- Le montant des transferts fédéraux a reculé de 379 millions de dollars (soit de 8,7 %) en raison de l'augmentation du Transfert canadien en matière de santé (70 millions de dollars), de la baisse des paiements de péréquation (70 millions de dollars) et de la baisse des recettes provenant du partage des frais (379 millions de dollars), résultant principalement de la baisse des recettes fédérales liées à l'inondation de 2011.

The revenue to GDP ratio at March 31, 2013 was 23.2%, consistent with the ratio of 24.0% as at March 31, 2012.

Au 31 mars 2013, le ratio des recettes aux PIB était de 23,2 %, correspondant de 24,0 % à celui établi au 31 mars 2012.

### Expenses

Analysis of expenses helps users understand the impact of the Government's spending on the economy, the Government's overall allocation and use of resources, and the cost of Government programs.

### Dépenses

L'analyse des dépenses aide les lecteurs à comprendre l'incidence des dépenses du gouvernement sur l'économie, la répartition de l'ensemble de ses recettes et l'usage des ressources, ainsi que le coût des programmes du gouvernement.

#### Expense by Function

Expense by function provides a summary of the major areas of Government spending, and changes in spending over time.

#### Dépenses par fonction

Les dépenses par fonction présentent le sommaire des principaux secteurs de dépenses du gouvernement et l'évolution des dépenses au fil des ans.

(\$ millions)/

(en millions de dollars)

|   | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|---|---|---|---|---|---|
| <b>Expense by Function/<br/>Dépenses par fonction</b>   |   |   |   |   |   |
| Health and Healthy Living/Santé et Vie<br>saine.....  | 5,487   | 5,328   | 5,044   | 4,831   | 4,590   |
| Education/Éducation.....  | 3,569   | 3,389   | 3,218   | 3,125   | 2,989   |
| Family Services/Services à la<br>famille.....   | 1,062   | 1,013   | 978   | 1,295   | 1,192   |
| Community, Economic and Resource<br>Development/Développement des<br>communautés, de l'économie et des<br>ressources..... | 2,405   | 2,734   | 2,367   | 1,780   | 1,704   |
| Justice and Other Expenditures/Justice et<br>autres dépenses.....   | 1,004   | 1,410   | 870   | 900   | 857   |
| Debt Servicing/ Service de la<br>dette.....   | 839   | 815   | 773   | 756   | 830   |
| <b>Total Expenses by Function/Dépenses<br/>totales par fonction.....</b>  | <b>14,366</b>   | <b>14,689</b>   | <b>13,250</b>   | <b>12,687</b>   | <b>12,162</b>   |

The sources of expenses have remained consistent with the prior year, with general increases (excluding those expenditures related to flooding and excess moisture in 2011) in line with those experienced in previous years. The health and education sectors make up 63.0% of total expenses (59.3% in 2011/12).

Total expenses in 2012/13 were \$14,366 million, a decrease of 2.2% from 2011/12, as a result of the following:

- Health expenses increased by 3.0%, primarily due to inflationary increases in funding to Regional Health Authorities.
- Education expenses increased 5.3% from the prior year, reflecting budgeted increased program expenditures and increases to pension costs caused by contribution increases.
- Family Services expenses increased by 4.8%, reflecting increasing price and volume growth in Community Living Disability services and child protection, as well as an increase in funded spaces in Early Learning and Child Care centres.
- Community, Economic and Resource Development expenses decreased by 12.0%, primarily due to reductions in agricultural support program costs, the majority of which was primarily related to reduced 2011 flood costs and excess moisture conditions.
- Justice and Other Expenditures decreased by 28.8%, due to lower 2012/13 mitigation damage costs related to the 2011 Flood.

The following chart shows the Government's operating expenses by function:

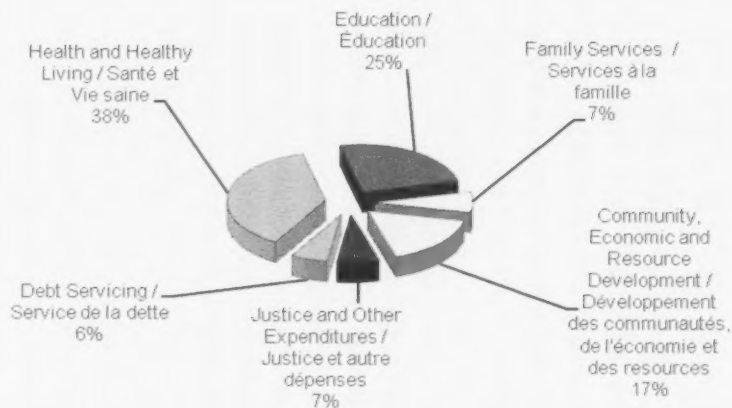
Les sources de dépenses ont suivi la tendance de l'exercice précédent, et les augmentations générales (à part les dépenses liées aux inondations et pluies excessives de 2011) ont été conformes à celles des exercices précédents. Les secteurs de la santé et de l'éducation représentent 63,0 % des dépenses totales (contre 59,3 % en 2011-2012).

Les dépenses totales en 2012-2013 s'élevaient à 14 366 millions de dollars, ce qui représente une baisse de 2,2 % par rapport à 2011-2012. Cette baisse est attribuable aux éléments suivants :

- les dépenses de santé ont augmenté de 3 %, principalement à cause des augmentations inflationnistes du financement des offices régionaux de la santé;
- les dépenses en éducation ont augmenté de 5,3% par rapport à l'exercice précédent, reflétant une augmentation des dépenses de programmes prévues dans le Budget et une augmentation des charges découlant des régimes de retraite due aux augmentations de cotisation;
- Les dépenses de Services à la famille ont augmenté de 4,8 %, reflétant l'augmentation du prix et la croissance du volume des Services d'intégration communautaires des personnes handicapées et de la protection des enfants, ainsi que de l'augmentation du nombre de places subventionnées dans les centres d'apprentissage et de garde des jeunes enfants.
- les dépenses pour le développement des communautés, de l'économie et des ressources ont baissé de 12,0 %, principalement en raison de la réduction des coûts des programmes de soutien agricole, laquelle est due en grande part à la réduction des coûts liés à l'inondation de 2011 et à l'humidité excessive;
- les dépenses du ministère de la Justice et les autres dépenses ont reculé de 28,8 % en raison de la baisse, en 2012-2013, des coûts d'atténuation des dégâts liés à l'inondation de 2011.

Le diagramme suivant montre les éléments des dépenses de fonctionnement du gouvernement.

### Expense by Function 2012/13 Dépenses par fonction 2012-2013



The health and healthy living, education, and family services components comprise 70.4% of the total operating expenses. Program expenses, which represent total expenses less the cost of servicing debt, decreased 2.5% from 2011/12, primarily as a result of decreased costs related to flooding and excess moisture conditions in 2011. In 2012/13, total expenses to GDP amounted to 24.2% (2011/12 – 25.8%) while program expenses to GDP amounted to 22.8% (2011/12 – 24.4%) of GDP.

Les secteurs de la santé et de la vie saine, de l'éducation et des services à la famille représentent 70,4 % des dépenses totales de fonctionnement. Les dépenses de programmes, soit les dépenses totales moins les frais de service de la dette, ont connu une baisse de 2,5 % par rapport à 2011-2012, principalement à cause de la diminution des coûts engendrés par les inondations et l'humidité excessive en 2011. En 2012-2013, les dépenses totales représentaient 24,2 % du PIB (contre 25,8 % en 2011-2012), alors que les dépenses de programmes en représentaient 22,8 % (contre 24,4 % en 2011-2012).

The expense ratio (total expenses as a percentage of total revenues) stood at 104.2% in 2012/13. An expense ratio of more than 100% means that expenses have exceeded revenues, resulting in a deficit.

Le ratio des dépenses (dépenses totales en pourcentage des recettes totales) était de 104,2 % en 2012-2013. Un ratio supérieur à 100 % signifie que les dépenses sont supérieures aux recettes, et qu'on obtient un déficit.

The total program expenses were basically equal to the 2012/13 budget.

Le total des dépenses consacrées aux programmes est à peu près le même que celui figurant dans le Budget 2012-2013.

#### Expense by Type

#### Dépenses par catégorie

Expense by type provides a summary of the major types of Government spending, and changes in spending over time.

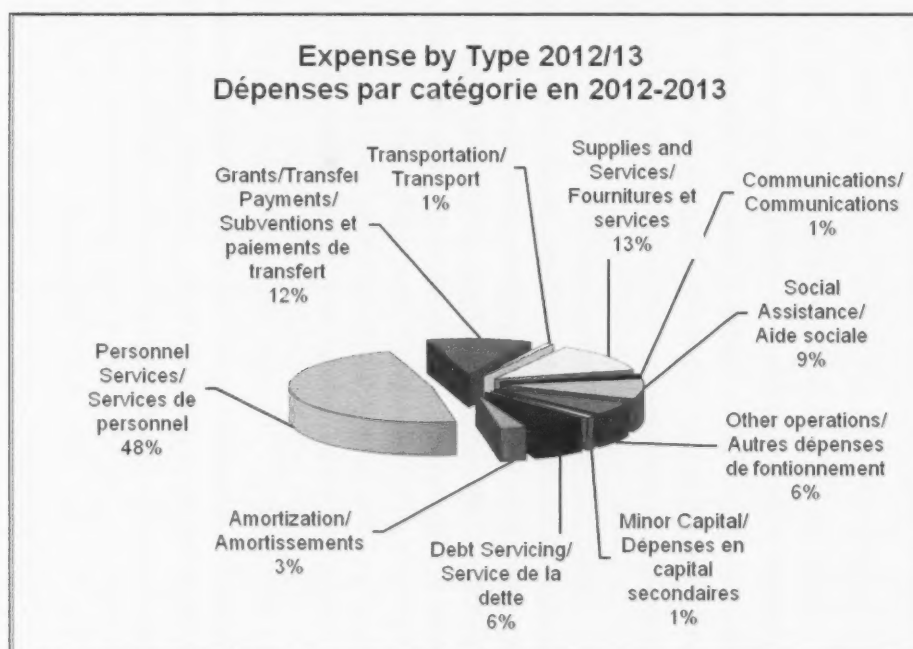
Les dépenses par catégorie présentent le sommaire des catégories principales de dépenses du gouvernement et de l'évolution des dépenses au fil des ans.

(\$ millions)/  
(en millions de dollars)

|  | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|--|---|---|---|---|---|
| <b>Expense by Type/<br/>Dépenses par catégorie</b>                         |   |   |   |   |   |
| Personnel Services/Services de personnel.....                              | 6,894   | 6,557   | 6,332   | 6,074   | 5,760   |
| Grants/Transfer Payments/<br>Subventions et paiements de<br>transfert..... | 1,784   | 2,060   | 1,384   | 1,242   | 1,355   |
| Transportation/Transport.....  | 161   | 161   | 183   | 185   | 150   |
| Communications/Communications....  | 72  | 77  | 70  | 77  | 76  |
| Supplies and Services/Fournitures et<br>services.....                      | 1,807   | 2,000   | 1,836   | 1,863   | 1,717   |
| Social Assistance/Aide sociale .....                                       | 1,309   | 1,409   | 1,038   | 967   | 876   |
| Other Operating/Autres dépenses de<br>fonctionnement .....                 | 912   | 1,044   | 1,121   | 1,029   | 943   |
| Debt Servicing/Service de la dette....                                     | 839   | 815   | 773   | 756   | 830   |
| Minor Capital/Dépenses en capital<br>secondaires.....                      | 77  | 90  | 75  | 90  | 80  |
| Amortization/Amortissement des<br>immobilisations.....                     | 511   | 476   | 438   | 404   | 375   |
| <b>Total Expenses by Type/<br/>Dépenses totales .....</b>                  | <b>14,366</b>   | <b>14,689</b>   | <b>13,250</b>   | <b>12,687</b>   | <b>12,162</b>   |

Expense types by percentage are shown in the following Chart:

Le diagramme suivant montre les catégories de dépense en pourcentage.





The Government's 2012/13 major expenses were personnel services at 48% (2011/12 – 44%), supplies and services at 13% (2011/12 – 13%) and grants/transfer payments at 12% (2011/12 – 14%).

En 2012-2013, les services de personnel ont représenté les principales dépenses du gouvernement, soit 48 % des dépenses (contre 44 % en 2011-2012), les fournitures et services ont représenté 13 % (contre 13 % en 2011-2012) et les subventions et paiements de transfert équivalaient à 12 % des dépenses (contre 14 % en 2011-2012).

#### Financial Assets

Analysis of financial assets provides users with information regarding the amount of resources available to the Government that can be converted to cash, if required, to discharge existing liabilities or to finance future operations.

#### Actifs financiers

L'analyse des actifs financiers renseigne les lecteurs sur le montant de ressources du gouvernement pouvant être converti en liquidités au besoin pour s'acquitter de ses présentes obligations ou financer des activités futures.

| (\$ millions)/<br>(en millions de dollars)   | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|--|---|---|---|---|---|
| <b>Financial Assets/<br/>Actifs financiers</b>   |   |   |   |   |   |
| Cash, cash equivalents, short-term<br>investments/Trésorerie, équivalents de<br>trésorerie, placements à court<br>terme..... | 1,331   | 1,374   | 1,047   | 1,461   | 1,439   |
| Temporary investments/Placements<br>temporaires.....   | 191   | 205   | 345   | 551   | 733   |
| Accounts receivable and<br>advances/Créances et avances.....   | 1,661   | 1,647   | 1,313   | 1,231   | 1,119   |
| Inventories/Stocks.....  | 74  | 65  | 62  | 46  | 11  |
| Portfolio investments/Placements de<br>portefeuille.....   | 2,466   | 2,760   | 2,765   | 2,539   | 2,738   |
| Loan and advances/Prêts et avances...  | 1,096   | 955   | 802   | 786   | 768   |
| Equity in government business<br>entreprises/Valeur des entreprises<br>publiques.....  | 3,766   | 3,617   | 3,570   | 3,199   | 2,251   |
| <b>Total Financial Assets/Total des<br/>actifs financiers.....</b>   | <b>10,585</b>   | <b>10,623</b>   | <b>9,904</b>  | <b>9,813</b>  | <b>9,059</b>  |

Financial assets remain virtually unchanged from 2011/12. Overall portfolio investments decreased by \$294 million, or 10.7%, from 2011/12. These declines were offset by increases in accounts receivable (.9%), increases in loans and advances (14.8%) and increases in GBE equities. Our equity in GBEs represents 35.6% of the 2012/13 financial assets; an increase of \$149 million, or 4.1%, from 2011/12. This increase results from stable earnings achieved in the GBEs offset by a decrease in equity caused by their other comprehensive losses. Portfolio investments earned

Les actifs financiers n'ont pas changé par rapport à 2011-2012. Les placements de portefeuille globaux ont baissé de 294 millions de dollars depuis 2011-2012, soit de 10,7 %. Ces baisses ont été compensées par des augmentations des comptes débiteurs (0,9 %), des prêts et des avances (14,8 %), et des valeurs des entreprises publiques. La valeur des entreprises publiques représentait 35,6 % des actifs financiers en 2012-2013, en hausse de 149 millions de dollars (4,1 %) par rapport à 2011-2012. Cette hausse résulte de la stabilité des revenus des entreprises publiques,



\$75 million (2011/12 - \$81 million).

contrebalancée par une baisse de leur valeur due à des pertes dans leurs autres éléments du résultat étendu. Les placements de portefeuille ont rapporté 75 millions de dollars (contre 81 millions de dollars en 2011-2012).

### Liabilities

An analysis of liabilities provides users with information to understand and assess the demands on financial assets. Liabilities consist of debt or obligations owing, to be repaid with cash or other assets.

### Passifs

Une analyse des passifs permet aux lecteurs de comprendre et d'évaluer les pressions qui s'exercent sur les actifs financiers. Les passifs sont les dettes et les obligations à assumer au moyen de liquidités ou d'autres actifs.

(\$ millions)/

(en millions de dollars)

|  | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|--|---|---|---|---|---|
| <b>Liabilities/<br/>Passifs</b>  |   |   |   |   |   |
| Borrowings/Emprunts .....  | 20,788  | 19,603  | 17,150  | 16,142  | 14,891  |
| Accounts payable and accrued<br>liabilities/ Créditeurs et charges à<br>payer..... | 3,415   | 3,527   | 3,204   | 3,160   | 3,291   |
| Deferred revenues/<br>Recettes différées.....                                      | 427   | 390   | 360   | 365   | 305   |
| Pension liability/<br>Obligation découlant des régimes<br>de retraite.....         | 1,828   | 1,634   | 1,731   | 1,768   | 1,964   |
| Other liabilities/Autres obligations....   | 20  | 19  | 21  | 21  | 21  |
| <b>Total Liabilities/<br/>Total des passifs .....</b>                              | <b>26,478</b>   | <b>25,173</b>   | <b>22,466</b>   | <b>21,456</b>   | <b>20,472</b>   |

The 2012/13 total liabilities increased \$1,305 million or 5.2% from 2011/12. Borrowings have increased \$1,185 million or 6.0% from 2011/12. The pension liability balance increased by \$194 million or 11.9% from 2011/12. Restricted inflows, recorded as deferred revenues, remained relatively unchanged from 2011/12, and accounts payable and accrued liabilities decreased by \$112 million or 3.2% from 2011/12.

Le total des passifs de 2012-2013 s'est accru de 1 305 millions de dollars par rapport à 2011-2012, ce qui représente une croissance de 5.2 %. Les emprunts ont augmenté de 1 185 millions de dollars, soit 6,0 % par rapport à 2011-2012. Le solde de l'obligation découlant des régimes de retraite a diminué de 194 millions de dollars, soit 11,9 %, par rapport à 2011-2012. Les rentrées soumises à restrictions, inscrites comme des recettes reportées, sont restées relativement similaires depuis l'exercice précédent, et les comptes fournisseurs et les charges à payer ont augmenté de 112 millions de dollars par rapport à 2011-2012, soit une hausse de 3,2 %.

Debt servicing costs were \$839 million (2011/12 - \$815 million) as at March 31, 2013, an increase of 2.9%. As explained on page 96, the gross amount of debt servicing costs increased to a level of \$1,335 million, (2011/12 - \$1,245 million) when GBEs' adjustments are

Les frais de service de la dette ont atteint 839 millions de dollars au 31 mars 2013, contre 815 millions de dollars en 2011-2012, ce qui représente une hausse de 2,9 %. Comme nous l'avons expliqué à la page 96, le montant brut des frais de service de la dette est monté à 1 335 millions de dollars (contre 1 245 millions de dollars en

included.

#### *Pension Liability*

Direct action has been taken to address the unfunded pension liability. This included funding 75% of the employer's liability relating to the Teacher's Retirement Allowances Fund in 2007, and funding \$1,100 million towards the employer's liability relating to the Civil Service Superannuation Fund by the end of March 2012, through borrowings. Like any long-term strategy, there will be ups and downs in returns on investment. Borrowing funds to pay down the previously unfunded pension liability is a sound fiscal decision, as over the longer term, the cost of borrowing is less than the actuarially determined expected rate of return on the plan assets and the rate of growth in the pension liability. Over the last five years, the markets have substantially recovered to offset any losses that were experienced on the plan assets during the economic downturn.

The Government uses a diversified, conservative investment approach to mitigate the risk of volatile market conditions on its investments and operating results. It recognizes changes in market value over the service life of employees, consistent with Canadian generally accepted accounting principles. This method of accounting for market changes allows the Government to smooth gains and losses over several years.

Notwithstanding the impact of market shifts on the operating results of the Government, pension benefits are not affected because all the pension plans that it sponsors are defined benefit plans. Under these types of plans, pension benefits are determined using a formula which is linked to the employee's salary. Benefits are not linked to the market value of investments or recent investment returns.

Further information on the status of pension plan assets is provided in the 2012/13 notes to the Public Accounts, page 88, and Schedule 6, page 106.

2011-2012), après les ajustements relatifs aux entreprises publiques.

#### *Obligation découlant des régimes de retraite*

Des mesures énergiques ont été prises pour régler la question de l'obligation non capitalisée découlant des régimes de retraite. Ainsi, après avoir provisionné 75 % de l'obligation provinciale relative à la Caisse de retraite des enseignants en 2007, le gouvernement affecte 1 100 millions de dollars à l'obligation relative à la Caisse de retraite de la fonction publique à la fin de mars 2012, en recourant à des emprunts. Comme pour toutes les stratégies à long terme, il y aura des hauts et des bas dans les rendements du capital investi. L'emprunt de sommes pour rembourser l'obligation non capitalisée découlant des régimes de retraite est une décision financière judicieuse car, à long terme, le coût d'emprunt est inférieur aux prévisions actuarielles des taux de rendement de l'actif des régimes et du taux de croissance de l'obligation découlant des régimes de retraite. Au cours des cinq dernières années, les marchés ont connu une reprise importante ce qui a permis de compenser les pertes enregistrées sur l'actif du régime durant le ralentissement économique.

Le gouvernement a adopté une approche conservative dans le choix de ses placements, qu'il a aussi voulu diversifiés, afin de limiter les risques liés à la volatilité des marchés, et cela, tant pour protéger ses placements que ses résultats d'exploitation. Il reconnaît les changements de valeur marchande au cours des années de service des employés, conformément aux principes comptables généralement reconnus au Canada. Cette méthode tenant compte des changements du marché permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

Malgré les effets qu'ont eus les variations du marché sur les résultats de fonctionnement exercés du gouvernement, les prestations de retraite n'en subissent pas les répercussions, car tous les régimes de retraite que le gouvernement offre sont à prestations déterminées. Selon ces régimes, les prestations de retraite se calculent en fonction du salaire de l'employé concerné. Elles ne sont pas liées à la valeur de marche des placements ni aux récents rendements du capital investi.

Vous trouverez plus de renseignements sur l'état de l'actif des régimes de retraite dans les notes accompagnant les Comptes publics de 2012-2013, page 88, et à l'Annexe 6, page 106.

**Net Debt and Accumulated Deficit**

Net debt is the difference between the Province's liabilities and financial assets. It represents the amount of liabilities to be funded from future revenues and taxation. Operating losses, investments in tangible capital assets or other non-financial assets all increase net debt. Net debt is decreased by operating net income or decreases in the value of net tangible capital assets and other non-financial assets. As at March 31, 2013, net debt was \$15,893 million, \$1,343 million or 9.2% higher than the prior year.

The accumulated deficit has increased by \$1,120 million, or 23.3%, from five years ago, as a result of losses in 2011/12 and 2012/13, offset by the growing economy and prudent fiscal management. In 2012/13, the accumulated deficit increased by \$592 million, or 11.1%, from 2011/12.

**Dette nette et déficit accumulé**

La dette nette est la différence entre les passifs de la Province et ses actifs financiers. Elle représente la somme des passifs à financer à même les recettes et les impôts à venir. Les pertes résultant des activités ainsi que les investissements dans les immobilisations corporelles et les autres actifs non financiers augmentent tous à la dette nette. La dette nette diminue en fonction des revenus nets provenant des activités ou des baisses de la valeur des immobilisations corporelles nettes et d'autres actifs non financiers. Au 31 mars 2013, la dette nette s'élevait à 15 893 millions de dollars, soit 1 343 millions de dollars ou (9,2%) plus élevée qu'à la fin de l'exercice antérieur.

Le déficit accumulé a augmenté de 1 120 millions de dollars (soit de 23,3 %) en cinq ans, en raison des pertes encourues en 2011-2012 et en 2012-2013, compensées par la croissance de l'économie et par une gestion fiscale prudente. En 2012-2013, le déficit accumulé a augmenté de 592 millions de dollars (11,1 %) par rapport à l'exercice précédent.

| (\$ millions)/<br>(en millions de dollars)  | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|---|---|---|---|---|---|
| <b>Net Debt and Accumulated Deficit/<br/>Dette nette et déficit<br/>accumulés</b> |   |   |   |   |   |
| Financial assets/<br>Actifs financiers.....                                       | 10,585  | 10,623  | 9,904   | 9,813   | 9,059   |
| Less: liabilities/<br>Moins : les passifs.....                                    | (26,478)  | (25,173)  | (22,466)  | (21,456)  | (20,472)  |
| <b>Total Net Debt/Dette nette.....</b>  | <b>(15,893)</b>   | <b>(14,550)</b>   | <b>(12,562)</b>   | <b>(11,643)</b>   | <b>(11,413)</b>   |
| Non-financial assets/Actifs non<br>financiers.....                                | 9,957   | 9,206   | 8,288   | 7,407   | 6,597   |
| <b>Total Accumulated Deficit/<br/>Total du déficit accumulé.....</b>              | <b>(5,936)</b>  | <b>(5,344)</b>  | <b>(4,274)</b>  | <b>(4,236)</b>  | <b>(4,816)</b>  |

## Non-financial Assets

## Actifs non financiers

An analysis of non-financial assets provides users with information to assess changes in the Government's infrastructure and long-term non-financial assets.

Une analyse des actifs non financiers permet aux lecteurs d'apprécier l'évolution des infrastructures et des actifs non financiers à long terme du gouvernement.

| (\$ millions)/<br>(en millions de dollars)                             | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|--|---|---|---|---|---|
| <b>Non-Financial Assets/<br/>Actifs non financiers</b>                 |   |   |   |   |   |
| Tangible capital assets/Immobilisations corporelles.....               | 9,842   | 9,097   | 8,187   | 7,279   | 6,523   |
| Prepaid expenses/Charges payées d'avance.....                          | 60  | 50  | 51  | 46  | 38  |
| Inventories/Stocks.....  | 55  | 59  | 50  | 82  | 36  |
| <b>Total Non-financial Assets/Total des actifs non financiers.....</b> | <b>9,957</b>  | <b>9,206</b>  | <b>8,288</b>  | <b>7,407</b>  | <b>6,597</b>  |

Non-financial assets typically represent resources that a government can use in the future to provide services, such as tangible capital assets. The management of non-financial assets has a direct impact on the level and quality of services a government is able to provide to its citizens.

Les actifs non financiers, comme les immobilisations corporelles, sont généralement des ressources que le gouvernement peut utiliser dans l'avenir pour fournir des services. La gestion des actifs non financiers a des répercussions directes sur le niveau et la qualité de services qu'un gouvernement est en mesure de fournir à sa population.

At March 31, 2013, non-financial assets were \$751 million higher, or 8.2%, than 2011/12. The majority of the Government's non-financial assets represent expenditures for tangible capital assets. New acquisitions of tangible capital assets totalled \$1,273 million for 2012/13 (\$1,441 million for 2011/12). These capital acquisitions include investments in the post-secondary education, health facilities and transportation sectors.

Au 31 mars 2013, les actifs non financiers présentait une hausse de 751 millions de dollars, soit 8,2 %, par rapport à ceux de 2011-2012. La plus grande partie des actifs non financiers du gouvernement provient des dépenses en immobilisations corporelles. Les nouvelles acquisitions d'immobilisations corporelles totalisaient 1 273 millions de dollars en 2012-2013 (1 441 millions de dollars en 2011-2012). Ces acquisitions d'immobilisations comprennent des investissements dans les secteurs de l'enseignement postsecondaire, dans les établissements de santé et dans les transports.



### **Tangible Capital Assets**

An analysis of tangible capital assets helps users understand whether the Government has the ability to provide services in future periods.

### **Immobilisations corporelles**

Une analyse des immobilisations corporelles aide les lecteurs à connaître la capacité du gouvernement de fournir des services au cours de périodes à venir.

| (\$ millions)/<br>(en millions de dollars)  | 2012/13<br>Actual/<br>Chiffres<br>réels de<br>2012-2013 | 2011/12<br>Actual/<br>Chiffres<br>réels de<br>2011-2012 | 2010/11<br>Actual/<br>Chiffres<br>réels de<br>2010-2011 | 2009/10<br>Actual/<br>Chiffres<br>réels de<br>2009-2010 | 2008/09<br>Actual/<br>Chiffres<br>réels de<br>2008-2009 |
|---|---|---|---|---|---|
| <b>Tangible Capital Assets/<br/>Immobilisations corporelles</b>                     |   |   |   |   |   |
| Land/Terrains.....  | 233   | 214   | 205   | 179   | 208   |
| Building and leasehold<br>improvements/Immeubles et<br>améliorations locatives..... | 4,072   | 3,802   | 3,273   | 3,130   | 2,883   |
| Vehicles and equipment/Véhicules et<br>équipement.....                              | 788   | 754   | 673   | 639   | 596   |
| Computer hardware and<br>software/Matériel informatique et<br>logiciels.....        | 306   | 286   | 243   | 235   | 253   |
| Assets under construction/Actifs en<br>construction.....                            | 975   | 843   | 945   | 614   | 487   |
| Infrastructure/Infrastructure.....  | 3,468   | 3,198   | 2,848   | 2,482   | 2,096   |
| <b>Total Tangible Capital Assets/Total<br/>des immobilisations corporelles.....</b> | <b>9,842</b>  | <b>9,097</b>  | <b>8,187</b>  | <b>7,279</b>  | <b>6,523</b>  |

Commencing in 2006/07, the Government's policy is to capitalize the gross cost of its tangible capital assets. Recoveries related to capital projects, from other governments, are recognized as revenue in the year a tangible capital asset is purchased. In accordance with the recommendations of PSAB, the value of Crown land transferred to the Province is not reported as tangible capital assets.

The net book value (cost less accumulated amortization) of tangible capital assets is a major asset of the Province, totaling \$9,842 million at the end of 2012/13 (2011/12 - \$9,097 million). The buildings and leasehold improvements asset class includes a large portion of tangible capital assets pertaining to provincially-owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

The investment in tangible capital assets in total has remained reasonably consistent with the prior year.

Depuis 2006-2007, la politique du gouvernement consiste à comptabiliser à l'actif le coût brut de ses immobilisations corporelles. Les sommes récupérées liées aux projets d'immobilisation sont inscrites comme des recettes au cours de l'exercice où les immobilisations corporelles sont achetées. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public, la valeur des terres de la Couronne transférées à la Province n'est pas comprise dans les immobilisations corporelles.

La valeur comptable nette (coût moins les amortissements cumulés) des immobilisations corporelles constitue un des principaux actifs de la Province et représentait 9 842 millions de dollars à la fin de 2012-2013 (9 097 millions de dollars en 2011-2012). La catégorie Immeubles et améliorations locatives est formée en grande partie par les immobilisations corporelles des écoles, des établissements de santé et des immeubles de services publics qui appartiennent à la province. La catégorie Infrastructure comprend les routes, les ouvrages de régularisation des eaux et les parcs.

Dans l'ensemble, l'investissement en immobilisations corporelles est relativement semblable à celui de

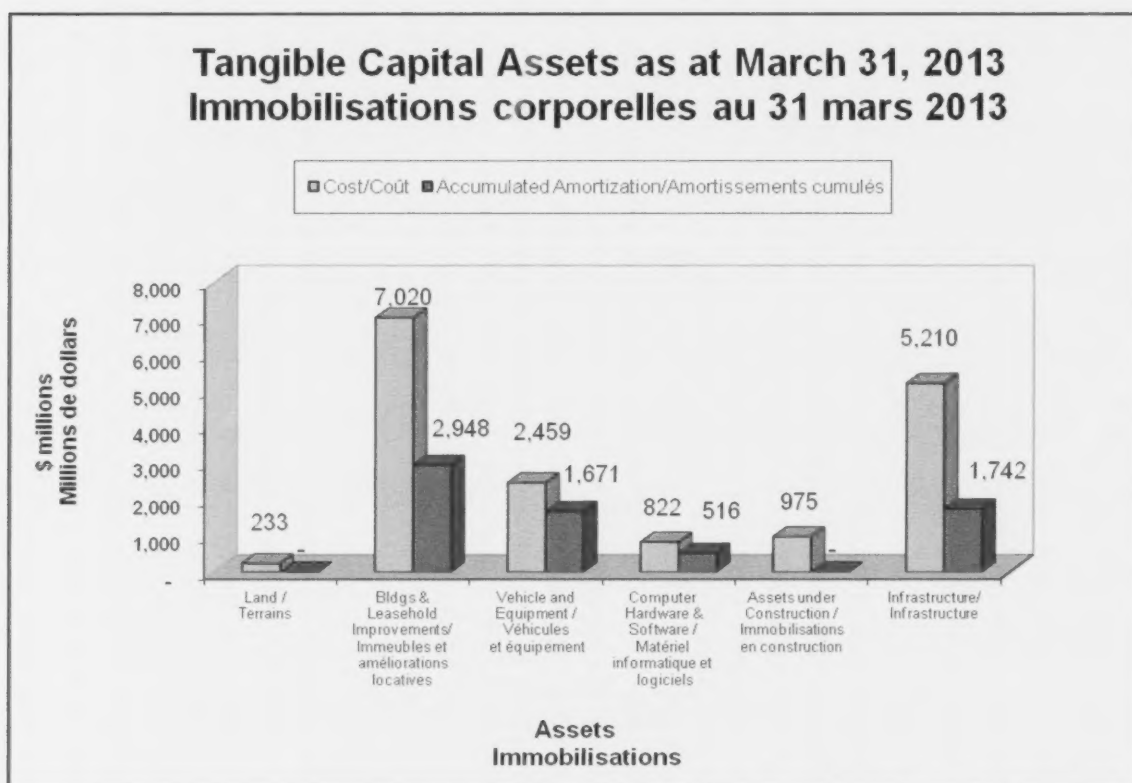


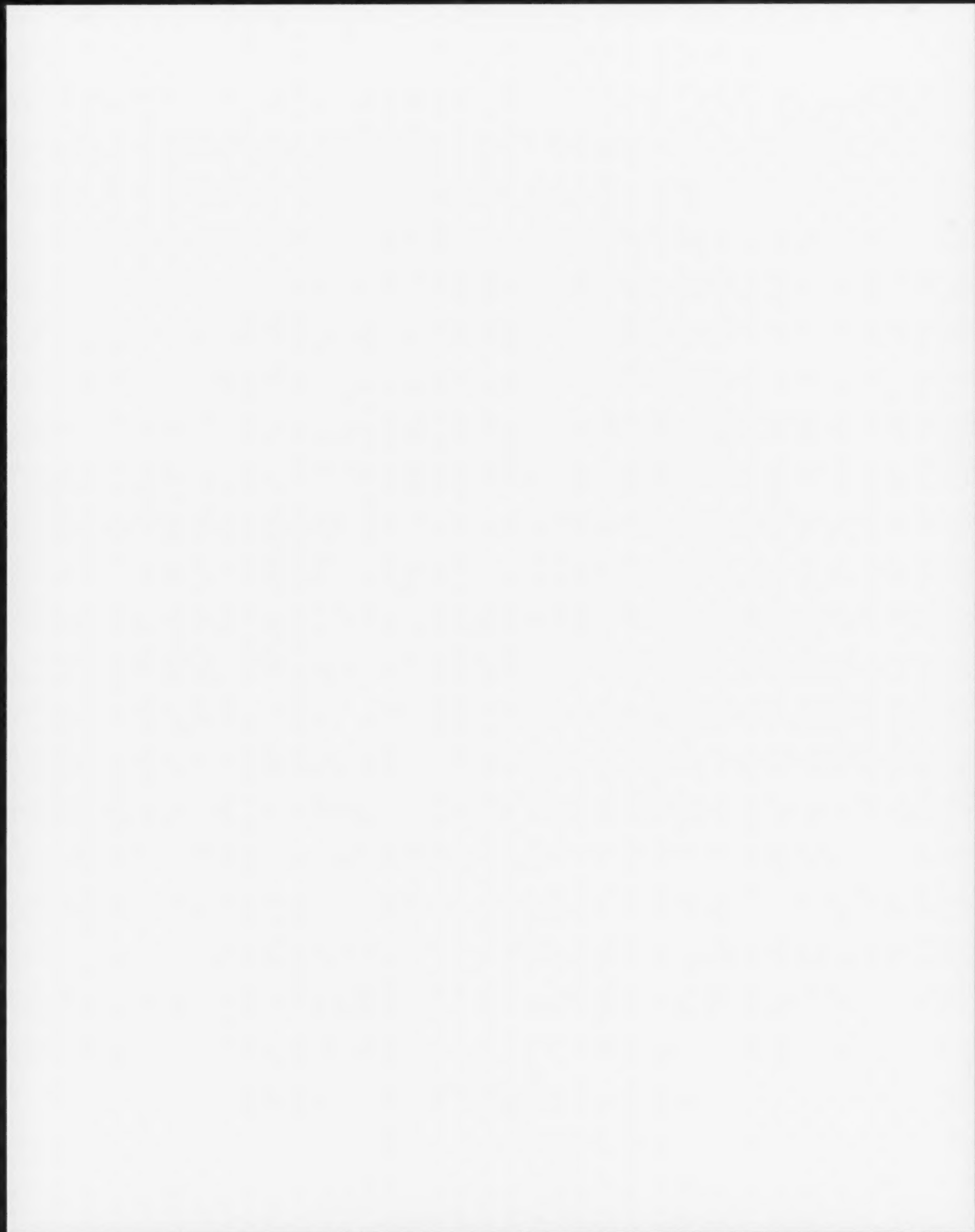
The net annual investment increased by \$745 million in 2012/13 (2011/12 - \$910 million increase). In 2012/13, the Government invested \$594 million in buildings and leasehold improvements, \$165 million for vehicles and equipment, and \$411 million for infrastructure projects. Infrastructure projects include \$388 million in transportation-related projects, such as road grading and surfacing.

l'exercice précédent. L'investissement annuel net s'est accru de 745 millions de dollars en 2012-2013 (contre 910 millions de dollars en 2011-2012). En 2012-2013, le gouvernement du Manitoba a investi 594 millions de dollars dans la construction de bâtiments et dans des améliorations locatives, 165 millions dans l'achat de véhicules et d'équipement, et 411 millions dans des projets d'infrastructure. Les projets d'infrastructure comprennent 388 millions de dollars pour des travaux dans le secteur des transports, comme le nivellement et le surfacage des routes.

The total cost of tangible capital assets has also increased steadily, from \$11,783 million in 2008/09 to \$16,719 million in 2012/13, demonstrating the value of tangible capital assets that are available to provide services in future periods. The following chart of tangible capital assets shows these assets by class and their related accumulated amortization as at March 31, 2013.

Les immobilisations corporelles s'accroissent également de façon constante. Elles sont passées de 11 783 millions en 2008-2009 à 16 719 millions en 2012-2013, ce qui témoigne de la valeur des immobilisations corporelles utiles à la prestation de services aux cours de périodes à venir. Le diagramme suivant présente les immobilisations corporelles par catégorie et leurs amortissements cumulés respectifs au 31 mars 2013.





## GLOSSARY OF KEY TERMS /GLOSSAIRE DE TERMES-CLÉS

**Borrowings:** Borrowings are securities issued in the name of the Province to capital markets investors. Securities include debentures, treasury bills, promissory notes, medium-term notes and Manitoba Savings Bonds.

**Emprunts :** valeurs ou titres émis au nom de la Province et vendus aux investisseurs des marchés financiers. On compte parmi ces titres des débetures, des bons du Trésor, des billets à ordre, des obligations à moyen terme et des obligations d'épargnes du Manitoba.

**Consolidation Impacts:** The adjustments needed to bring the revenue and expenditure of the Other Reporting Entities into the Summary Budget, and to eliminate transactions between entities to avoid duplication of revenues and expenses (e.g. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the Other Reporting Entity).

**Incidences de la consolidation :** ajustements nécessaires pour inclure les recettes et les dépenses des autres entités comptables dans le Budget sommaire, et pour éliminer les transactions entre entités dans le but d'éviter la comptabilisation double des recettes et des dépenses (par exemple, une subvention publique figure comme dépense dans les opérations fondamentales du gouvernement et est éliminée dans les recettes d'autres entités comptables).

**Core Government:** A component of the GRE. Represents the operations of government, including the revenues directly under government's control, and the programs and services delivered by government departments.

**Opérations fondamentales du gouvernement :** composante du périmètre comptable du gouvernement. Il s'agit des opérations du gouvernement, y compris les recettes qui sont directement sous son contrôle, ainsi que les programmes et les services fournis par ses ministères.

**Crown Organization:** An organization in the GRE that is wholly owned or established by government, such as a Crown corporation (e.g. Manitoba Agricultural Services Corporation).

**Organisation de la Couronne :** organisation du périmètre comptable qui a été établie par le gouvernement ou dont il a la propriété exclusive, par exemple une société d'État comme la Société des services agricoles du Manitoba.

**Debt Servicing Cost:** Interest and other expenses associated with provincial borrowings.

**Frais de service de la dette :** intérêts et autres dépenses liés aux emprunts provinciaux.

**Financial Assets:** Assets of the Province such as cash, investments, loans and accounts receivable that could be readily converted to cash in order to pay the Province's liabilities or finance its future operations.

**Actifs financiers :** actifs de la province (exemples : encaisse, placements, prêts et débiteurs) qui pourraient facilement être convertis en liquidités afin de faire face aux obligations de la province ou pour financer ses activités futures.

**Generally Accepted Accounting Principles (GAAP):** Standard accounting practices and reporting guidelines as prescribed by The Chartered Professional Accountants of Canada.

**Principes comptables généralement reconnus (PCGR) :** pratiques comptables normalisées et lignes directrices pour la présentation de l'information financière, prescrites par Comptables Professionnels agréés Canada.

**Government Business Enterprises (GBEs):** A Crown organization delegated with the financial and operating authority to carry on a business. It sells goods or services to individuals and organizations outside the GRE and can maintain its business on those revenues.

**Government Reporting Entity (GRE):** Includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges.

**Gross Domestic Product (GDP):** Represents the total market value of all final goods and services produced in the Manitoba economy.

**Guarantees:** The Province, in the normal course of business, may provide a guarantee to honour the repayment of debt or loans of an organization, primarily GBEs. Such a guarantee is provided on the Manitoba Hydro Savings Bonds.

**Net Debt to GDP Ratio:** The ratio of government net debt relative to the total market value of all final goods and services produced in the Manitoba economy. Net debt represents the total liabilities of the government less its financial assets. It is widely used by credit rating agencies and other analysts to evaluate the financial situation and trends of jurisdictions in regards to their relative creditworthiness.

**Non-Financial Assets:** Includes physical items such as tangible capital assets (e.g. buildings and roads) and consumable goods such as inventories that are not normally converted to cash.

**Other Comprehensive Income (OCI):** Other comprehensive income is an accounting recognition of unrealized gains and losses in fair market value of financial instruments, such as investments held as available for sale or trading or debt held in a foreign currency. Currently, OCI accounting standards apply only to other reporting entities, except not-for-profit organizations. It is measured as the change in "mark-to-

**Entreprise publique :** organisation de la Couronne qui est investie des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Elle vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement et elle peut poursuivre ses activités au moyen de ses recettes.

**Périmètre comptable du gouvernement :** inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.

**Produit intérieur brut (PIB) :** valeur marchande totale de tous les biens et services finaux produits par l'économie manitobaine.

**Garanties :** la province, dans le cours normal de ses activités, peut garantir le remboursement des dettes ou des emprunts engagés par des organismes, c'est-à-dire principalement des entreprises publiques. De telles garanties sont fournies pour les obligations d'épargne Hydro Bonds du Manitoba.

**Ratio dette nette produit intérieur brut (PIB) :** dette nette de la province par rapport à la valeur marchande totale de tous les biens et services finaux produits par l'économie manitobaine. La dette nette est le total du passif de l'État moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour apprécier la conjoncture financière d'un État et l'évolution de sa capacité à faire face à ses engagements financiers.

**Actifs non financiers :** actifs ayant une existence matérielle, notamment les immobilisations corporelles (par exemple les immeubles et les routes) et les biens consommables tels que les stocks qui ne sont pas normalement convertis en liquidités.

**Autres éléments du résultat étendu :** prise en compte des gains et des pertes non réalisés calculés selon la juste valeur de marché de l'instrument financier, par exemple, un placement disponible pour la vente ou une dette en devise étrangère. À l'heure actuelle, les normes comptables concernant les autres éléments du résultat étendu s'appliquent uniquement aux autres entités comptables, à l'exception des organismes sans but non

market" valuations, interest rates, or foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

lucratif. Les autres éléments du résultat étendu sont évalués d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'exercice antérieur.

**Other Reporting Entities:** Entities in the GRE such as Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges that are directly or indirectly controlled by the Government, as prescribed by PSAB – excludes Core Government.

**Autres entités comptables :** entités du périmètre comptable du gouvernement comme les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges qui sont directement ou indirectement sous le contrôle du gouvernement, comme le prescrit le Conseil sur la comptabilité dans le secteur public. Exclut les opérations fondamentales du gouvernement.

**Pension Liability:** Outstanding actuarial-calculated pension liability of the government and participating Crown organizations. The expense includes amounts funded through the appropriations of Core Government as well as for the actuarially determined increases in the pension liability.

**Obligation découlant des régimes de retraite :** valeur actuarielle de l'obligation non réglée découlant des régimes de retraite du gouvernement et des organisations de la Couronne participantes. La dépense comprend les fonds provenant des crédits relatifs aux opérations fondamentales du gouvernement et l'augmentation, déterminée à l'aide de calculs actuariels, de l'obligation découlant des régimes de retraite.

**Summary Net Debt:** Represents the total liabilities of the GRE less its financial assets. This is the residual amount that will have to be paid or financed by future revenue.

**Dette nette sommaire :** total des passifs du périmètre comptable du gouvernement moins ses actifs financiers. Il s'agit du solde des passifs qu'il faudra payer ou financer à l'aide de recettes futures.

**Tangible Capital Assets:** Assets with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not for resale.

**Immobilisations corporelles :** immobilisations dont la durée de vie utile s'étend au-delà de l'exercice et qui sont acquises, construites ou développées, et qui sont destinées à être utilisées plutôt que vendues.

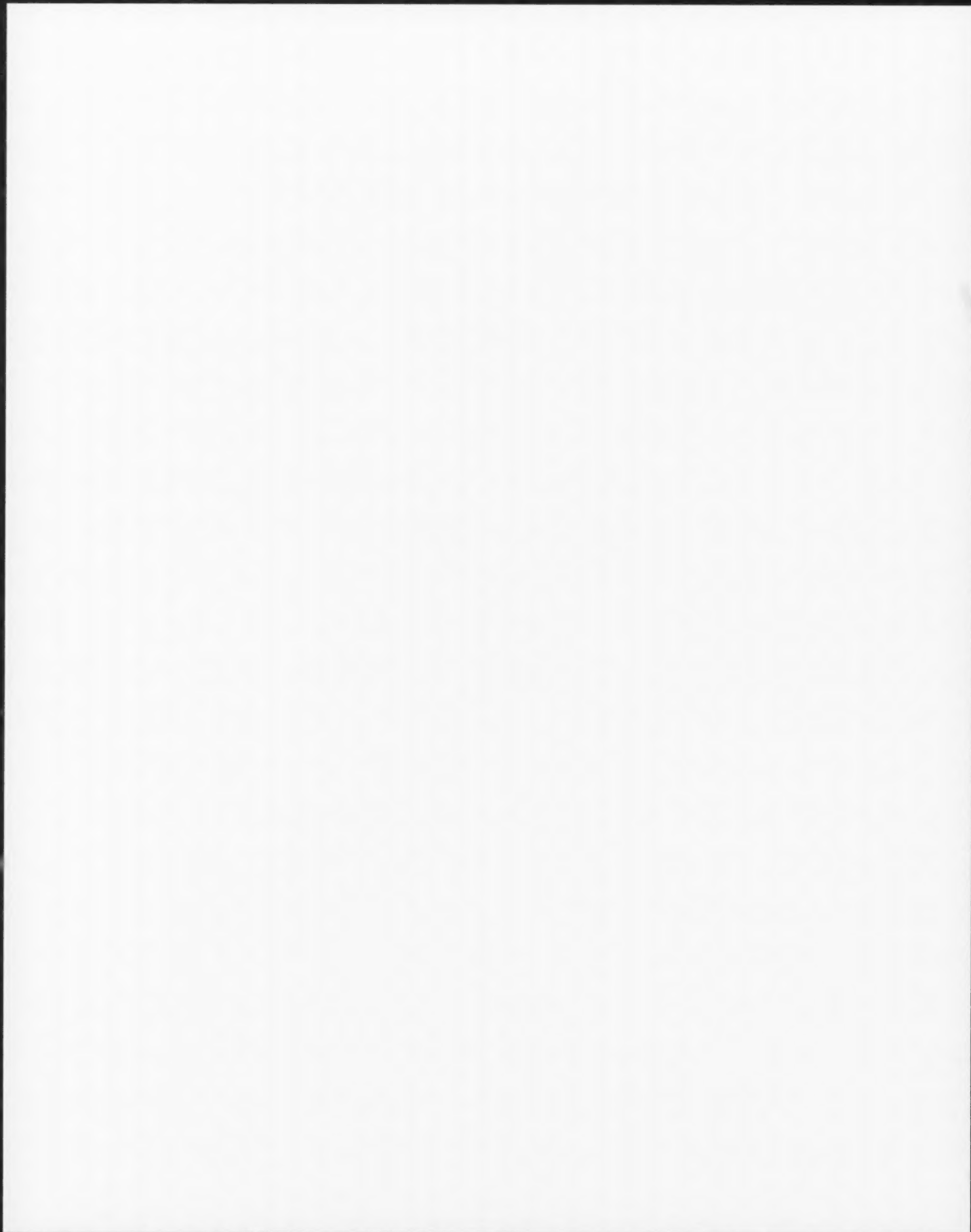




# **SUMMARY FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**March 31, 2013**



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## STATEMENT OF RESPONSIBILITY

The summary financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government reporting entity and include summary statements of financial position, revenue and expense, accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, in all material respects, the financial condition of the Government reporting entity at the fiscal year end and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

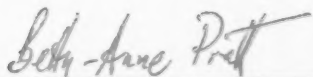
The Government is responsible for the integrity and objectivity of the summary financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes such estimates have been based on careful judgements and have been properly reflected in the summary financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Provincial Comptroller, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with *The Financial Administration Act*.

The Auditor General expresses an independent opinion on these financial statements. Her report, stating the scope of her audit and opinion, appears on the following page.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of the Province of Manitoba.



Betty-Anne Pratt, CA  
Provincial Comptroller

August 28, 2013





## INDEPENDENT AUDITOR'S REPORT

### To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying consolidated financial statements of the Province of Manitoba, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of revenue and expense, accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Manitoba as at March 31, 2013, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

August 28, 2013  
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA  
Auditor General



**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at March 31, 2013

|                             |   | (\$ millions)   |                 |
|-----------------------------|---|-----------------|-----------------|
| SCHEDULE                    |   | 2013            | 2012            |
| <b>FINANCIAL ASSETS</b>     |   |                 |                 |
|                             | Cash and cash equivalents.....  | 1,331           | 1,374           |
|                             | Temporary investments (Note 2).....                                     | 191             | 205             |
| 1                           | Amounts receivable.....   | 1,661           | 1,647           |
|                             | Inventories for resale.....   | 74              | 65              |
|                             | Portfolio investments (Note 3).....                                     | 2,466           | 2,760           |
| 2                           | Loans and advances.....   | 1,096           | 955             |
| 3                           | Equity in government business enterprises (Note 4).....                 | 3,766           | 3,617           |
|                             | <b>Total Financial Assets</b>   | <u>10,585</u>   | <u>10,623</u>   |
| <b>LIABILITIES</b>          |   |                 |                 |
| 4                           | Borrowings.....   | 20,788          | 19,603          |
| 5                           | Accounts payable, accrued charges, provisions and unearned revenue..... | 3,862           | 3,936           |
| 6                           | Pension liability (Note 5).....   | 1,828           | 1,634           |
|                             | <b>Total Liabilities</b>  | <u>26,478</u>   | <u>25,173</u>   |
|                             | <b>NET DEBT</b>   | <u>(15,893)</u> | <u>(14,550)</u> |
| <b>NON-FINANCIAL ASSETS</b> |   |                 |                 |
|                             | Inventories held for use.....   | 55              | 59              |
|                             | Prepaid expenses.....   | 60              | 50              |
| 7                           | Tangible capital assets.....  | 9,842           | 9,097           |
|                             | <b>Total Non-Financial Assets</b>                                       | <u>9,957</u>    | <u>9,206</u>    |
|                             | <b>ACCUMULATED DEFICIT</b>  | <u>(5,936)</u>  | <u>(5,344)</u>  |
|                             | Contingencies (Note 6)  |                 |                 |
|                             | Contractual Obligations (Note 7)  |                 |                 |

The accompanying notes and schedules are an integral part of these financial statements.



**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE**  
**For the Year Ended March 31, 2013**

|   | (\$ millions) |               |                |
|---|---------------|---------------|----------------|
|   | 2013          |               | 2012           |
|   | Budget        | Actual        | Actual         |
| <b>REVENUE</b>  |               |               |                |
| Income taxes:   |               |               |                |
| Corporation income tax.....                                       | 405           | 456           | 441            |
| Individual income tax.....  | 2,796         | 2,846         | 2,697          |
| Other taxes:  |               |               |                |
| Retail sales tax.....   | 1,834         | 1,767         | 1,658          |
| Fuel taxes.....   | 316           | 332           | 269            |
| Levy for health and education.....                                | 306           | 296           | 292            |
| Mining tax.....   | 35            | 38            | 62             |
| Education property tax.....                                       | 744           | 587           | 554            |
| Other taxes.....  | 553           | 552           | 515            |
| Fees and other revenue.....                                       | 2,009         | 1,998         | 1,906          |
| Federal transfers:  |               |               |                |
| Equalization.....   | 1,872         | 1,872         | 1,942          |
| Canada Health and Canada Social Transfers.....                    | 1,492         | 1,487         | 1,417          |
| Shared cost and other.....  | 525           | 594           | 973            |
| Net income from government business enterprises (Schedule 3)..... | 722           | 719           | 713            |
| Sinking funds and other investment earnings.....                  | 242           | 242           | 249            |
| <b>Total Revenue (Schedule 9).....</b>                            | <b>13,851</b> | <b>13,786</b> | <b>13,688</b>  |
| <b>EXPENSES</b>   |               |               |                |
| Health and Healthy Living.....                                    | 5,546         | 5,487         | 5,328          |
| Education.....  | 3,710         | 3,569         | 3,389          |
| Family Services.....  | 1,064         | 1,062         | 1,013          |
| Community, Economic and Resource Development.....                 | 2,317         | 2,405         | 2,734          |
| Justice and Other Expenditures.....                               | 817           | 1,004         | 1,410          |
| Debt Servicing (Note 8).....                                      | 857           | 839           | 815            |
| <b>Total Expenses (Schedule 9).....</b>                           | <b>14,311</b> | <b>14,366</b> | <b>14,689</b>  |
| <b>NET LOSS FOR THE YEAR</b>                                      | <b>(460)</b>  | <b>(580)</b>  | <b>(1,001)</b> |

The accompanying notes and schedules are an integral part of these financial statements.

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT**  
**For the Year Ended March 31, 2013**

|  | (\$ millions)  |                |                |
|--|----------------|----------------|----------------|
|  | Budget         | 2013<br>Actual | 2012<br>Actual |
| Opening accumulated deficit, as previously reported..... | (4,503)        | (5,305)        | (4,237)        |
| Restatements (Note 9)                                    |                |                |                |
| Correction of recognition of tax credits.....            | <u>-</u>       | <u>(39)</u>    | <u>(37)</u>    |
| Opening accumulated deficit, as restated.....            | (4,503)        | (5,344)        | (4,274)        |
| Other Comprehensive Income (Schedule 3).....             | -              | (12)           | (77)           |
| Amalgamation of controlled entity (Schedule 3).....      | -              | -              | 8              |
| Net Loss for the year.....                               | <u>(460)</u>   | <u>(580)</u>   | <u>(1,001)</u> |
| Closing accumulated deficit, as restated.....            | <u>(4,963)</u> | <u>(5,936)</u> | <u>(5,344)</u> |

The accompanying notes and schedules are an integral part of these financial statements.

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**For the Year Ended March 31, 2013**

|  | (\$ millions) |          |          |
|--|---------------|----------|----------|
|  | 2013          |          | 2012     |
|  | Budget        | Actual   | Actual   |
| Net Loss for the year.....                             | (460)         | (580)    | (1,001)  |
| Tangible Capital Assets (Schedule 7)                   |               |          |          |
| Acquisition of tangible capital assets.....            | (1,520)       | (1,273)  | (1,441)  |
| Amortization of tangible capital assets.....           | 501           | 511      | 476      |
| Disposal of tangible capital assets.....               | -             | 17       | 55       |
| Net Acquisition of Tangible Capital Assets.....        | (1,019)       | (745)    | (910)    |
| Other Non-Financial Assets                             |               |          |          |
| Decrease (Increase) in inventories.....                | -             | 4        | (9)      |
| Decrease (Increase) in prepaid expenses.....           | -             | (10)     | 1        |
| Net Acquisition of Other Non-Financial Assets          | -             | (6)      | (8)      |
| Other Comprehensive Income (Schedule 3).....           | -             | (12)     | (77)     |
| Net assets acquired on amalgamation (Schedule 3).....  | -             | -        | 8        |
| (Increase) in Net Debt.....                            | (1,479)       | (1,343)  | (1,988)  |
| Net Debt, beginning of year, as restated (Note 9)..... | (14,511)      | (14,550) | (12,562) |
| Net Debt, end of year.....                             | (15,990)      | (15,893) | (14,550) |

The accompanying notes and schedules are an integral part of these financial statements.

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the Year Ended March 31, 2013

|   | (\$ millions)  |                |
|---|----------------|----------------|
|   | 2013           | 2012           |
| Cash and cash equivalents provided by (used in)                     |                |                |
| <b>Operating Activities</b>   |                |                |
| Net loss for the year.....  | (580)          | (1,001)        |
| Changes in non-cash items:  |                |                |
| Temporary investments.....  | 14             | 140            |
| Amounts receivable.....   | (45)           | (426)          |
| Valuation allowance.....  | 36             | 93             |
| Inventories.....  | (5)            | (13)           |
| Prepays.....  | (10)           | 1              |
| Accounts payable, accrued charges, provisions<br>and deferrals..... | (74)           | 352            |
| Pension liability.....  | 194            | (97)           |
| Amortization of foreign currency fluctuation.....                   | 5              | 6              |
| Amortization of debt discount.....                                  | 1              | (16)           |
| Unamortized losses on derivative contracts.....                     | 53             | 52             |
| Loss on disposal of tangible capital assets.....                    | 17             | 55             |
| Amortization of tangible capital assets.....                        | 511            | 476            |
|   | <u>117</u>     | <u>(378)</u>   |
| Other Comprehensive Income (Schedule 3).....                        | (12)           | (77)           |
| Net assets acquired on amalgamation (Schedule 3).....               | -              | 8              |
| Changes in equity in government business enterprises.....           | (149)          | (47)           |
| Cash provided by (used in) operating activities                     | <u>(44)</u>    | <u>(494)</u>   |
| <b>Capital Activities</b>   |                |                |
| Acquisition of tangible capital assets.....                         | (1,273)        | (1,441)        |
| Cash used in capital activities                                     | <u>(1,273)</u> | <u>(1,441)</u> |
| <b>Investing Activities</b>   |                |                |
| Investments purchased.....  | (1,837)        | (1,543)        |
| Investments sold or matured.....                                    | 1,369          | 838            |
| Cash used in investing activities                                   | <u>(468)</u>   | <u>(705)</u>   |
| <b>Financing Activities</b>   |                |                |
| Debt issued.....  | 4,060          | 5,424          |
| Debt redeemed.....  | (2,318)        | (2,457)        |
| Cash provided by financing activities                               | <u>1,742</u>   | <u>2,967</u>   |
| Increase (Decrease) in cash and cash equivalents                    | (43)           | 327            |
| Cash and cash equivalents, beginning of year.....                   | 1,374          | 1,047          |
| Cash and cash equivalents, end of year.....                         | <u>1,331</u>   | <u>1,374</u>   |
| <b>Supplementary information:</b>                                   |                |                |
| Interest received.....  | 245            | 252            |
| Interest paid.....  | 770            | 786            |

The accompanying notes and schedules are an integral part of these financial statements.

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS

### For the Year Ended March 31, 2013

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. General Basis of Accounting

The summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB).

##### B. The Government Reporting Entity

Various funds, Crown organizations (Crowns) and government business enterprises (GBEs) comprising the Government Reporting Entity (GRE) are listed in Schedule 8 to the summary financial statements.

To be considered a part of the GRE, an organization must be controlled by the Government. Control, as defined by PSAB, is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the Government from the other organization's activities.

##### C. Basis of Consolidation

Crowns are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the GRE as outlined in note 1D of the significant accounting policies. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax. Where the fiscal year-end dates of Crowns are not the same as that of the GRE, and their transactions significantly affect the financial statements, their financial results are updated to March 31.

GBEs, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the GRE. They are reported in these summary financial statements using the modified equity method of accounting. Under the modified equity method, the original investment of the Government, in GBEs, is initially recorded at cost and adjusted annually to include the net income or losses and other net equity changes of these enterprises, without adjusting their accounting policies to a basis consistent with that of the GRE.

The financial results of GBEs are not updated to March 31, where their fiscal year end is not the same as that of the GRE, except when transactions which, would significantly affect the summary financial statements, occur during the intervening period. Inter-entity accounts and transactions with GBEs are not eliminated. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 3 to the Summary financial statements.

The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board has announced that effective January 1, 2011 Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. For those entities currently reporting their operations under rate regulated accounting, that are now required to adopt IFRS as their basis of reporting, the CICA has allowed an extension to January 1, 2015 for the adoption of IFRS. Manitoba Hydro-Electric Board has opted to exercise this extension. GBEs are required to adopt IFRS for their financial reporting. IFRS standards are not required to be adopted by senior governments and will not be adopted for the summary financial statements.

##### D. Basis of Specific Accounting Policies

###### (i) Gross Accounting Concept

Revenues and expenses are recorded as gross amounts with the following exceptions:

- (1) Refunds of revenue are treated as reductions of current year revenue.



- (2) Decreases in valuation allowances are treated as reductions to expense.
- (3) Where there is sufficient evidence that the borrowings undertaken by the Government are specifically on behalf of a GBE, the recoveries of the debt servicing costs on self-sustaining debt of GBEs are recorded as a reduction of debt servicing expense.

**(ii) Revenue**

(1) Government transfers

Transfer payments from the Government of Canada include all accruals determined for current year entitlements that have been authorized by March 31, for which any eligibility criteria have been met and that can be reasonably estimated.

(2) Individual and corporation income tax

Revenues from individual and corporation income tax are accrued in the year earned based upon estimates made by the Government of Canada using statistical models. Tax revenues are recorded at estimated amounts after considering adjustments for tax concessions and other adjustments from the Government of Canada.

(3) Other revenue

All other revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

**(iii) Expenses**

(1) Accrual accounting

All expenses incurred for goods or services received are recorded on an accrual basis.

Expenses include provisional amounts recorded in anticipation of costs, which are quantifiable and have been identified as obligations.

(2) Government transfers

Government transfers are recognized as expenses in the period in which the transfer is authorized and any eligibility criteria are met and the amounts can be reasonably estimated.

**(iv) Financial Assets**

(1) Loans and advances

Loans and advances are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Valuation allowances are made when collection is considered doubtful. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized monthly to debt servicing expense over the term of the loan or advance.

(2) Investments

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward foreign exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign currency fluctuation between year ends are amortized monthly over the remaining life of the investment and are included with debt servicing expense. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in a foreign currency are translated at the exchange rate in effect on the transaction date. Gains and losses on terminated

derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(3) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

**(v) Liabilities**

Liabilities are present obligations to outside parties and GBEs as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

(1) Borrowings

All borrowings are expressed in Canadian dollars and are shown net of unamortized debt issue costs and debt of the Government held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31, adjusted for any forward foreign exchange contract entered into for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized monthly to debt servicing expense over the term of the debt.

The year end translation adjustments, reflecting the foreign currency fluctuation from the value at the issue date, are recorded through the unamortized foreign currency fluctuation account and amortized monthly to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation also reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call. These gains or losses are amortized over the original remaining term of the debt or over the term of the replacement issue, whichever is shorter.

Premiums on interest rate options are amortized monthly over the period of the applicable agreement. If the option is exercised, the premium will continue to be amortized to the maturity date of the agreement. If the option is not exercised, any unamortized premium will be immediately taken into revenue or expense. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(2) Pension liability

The Government accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service using the accrued benefit actuarial cost method, except as disclosed in Note 5. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. Past service costs from plan amendments are recognized in full as expenses in the year of the amendment.

(3) Other future employee benefit obligations

The Government recognizes the cost of accumulating benefits in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when the event that obligates the Government to pay benefits occurs.

The amount of the liabilities for severance, the Long Term Disability Income Plan and workers compensation claims are based upon actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations because actual experience is different from that expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses for the severance liability are amortized over the expected average remaining service life of the related employee group. Actuarial gains and losses for the Long Term Disability Income Plan and the workers compensation claims are recognized

as they arise.

The Government accrues a liability for vacation pay and accumulating, non-vesting sick pay benefits. The liability for accumulating, non-vesting sick pay benefits is based upon a review of past experience to extrapolate a liability based upon expected future utilization of currently accumulated benefits.

(4) Guarantees

Guarantees by the Government are made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Provision for losses on these guarantees are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries.

(5) Environmental liabilities

An environmental liability for contaminated sites is recorded when contamination is identified, and when the Government is obligated, or likely to become obligated, to incur remediation costs due to reasons of public health and safety, contractual arrangements, or compliance with environmental standards which are set out in any act or regulation (federal, provincial, municipal) recognized by the Government. The liability is based upon remediation costs determined on a site-by-site basis, measured as incremental direct costs, reduced by estimated recoveries from third parties, and discounted, where possible, to reflect the time value of money.

PSAB has issued a new standard with respect to the recognition and measurement of liabilities related to contaminated sites, effective for year ends commencing on April 1, 2014. The impact of changes between this new standard and the Government's current policy has not been reflected in these financial statements.

**(vi) Non-Financial Assets**

(1) Recognition and measurement

In the public sector, recognition and measurement of tangible capital and other non-financial assets are based on their future service potential. Generally, such assets do not generate future net cash inflows. Therefore, these assets will not provide resources to discharge the liabilities of the Government. For non-financial assets, the future economic benefit consists of their capacity to render service to fulfill the Government's objectives.

(2) Inventories

Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date. Inventories held for use are classified as non-financial assets.

(3) Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the year the goods or services are used or consumed.

(4) Tangible capital assets

The cost of tangible capital assets purchased includes the purchase price as well as costs such as installation costs, design and engineering fees, survey and site preparation costs and other costs incurred to put the asset into service. The cost of tangible capital assets constructed by the Government includes all direct construction costs such as materials, labour, design, installation, engineering, architectural fees, and survey and site preparation costs, as well as overhead costs directly attributable to the construction activity such as licenses, inspection fees, indirect labour costs, and amortization expense of any equipment which was used in the construction project. Any carrying costs associated with the development and construction of tangible capital assets is included for projects whose cost exceeds \$20 million.

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Certain assets, which have historical or cultural value, including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

Intangible assets and items inherited by right of the Crown, such as Crown lands, forests, water and other mineral resources are not recognized in the Government's financial statements.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Assets:

|   |                |
|---|----------------|
| Land  | Indefinite     |
| Buildings and Leasehold Improvements        |                |
| Buildings                                   | 10 to 60 years |
| Leasehold improvements                      | Life of lease  |
| Vehicles and Equipment                      |                |
| Vehicles                                    | 5 to 10 years  |
| Aircraft and vessels                        | 5 to 24 years  |
| Machinery, equipment and furniture          | 3 to 20 years  |
| Maintenance and road construction equipment | 15 years       |
| Computer hardware, software licences        | 4 to 15 years  |

Infrastructure Assets:

|  |                 |
|--|-----------------|
| Land                                     | Indefinite      |
| Land Improvements                        | 30 years        |
| Transportation                           |                 |
| Bridges and Structures                   | 40 to 75 years  |
| Provincial Highways, Roads and Airstrips | 10 to 40 years  |
| Dams and Water Management Structures     | 40 to 100 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

**(vii) Changes in Accounting Policy**

In 2012/13, the Province retroactively adopted PSAB accounting standard PS3510 on Tax Revenue. Under the standard, which was effective April 1, 2012, tax concessions are netted against tax revenue and tax transfers are recognized as an expense. As a result of the adoption of this standard overall, tax revenues were decreased by \$165 million (2012 - \$167 million) with a corresponding reduction in expenses. There was no impact to the provincial results, net debt or accumulated deficits for either year.

PSAB accounting standard PS3410 – Government Transfers also became effective on April 1, 2012, however there was no impact to the summary financial statements as the Province was already following policies consistent with PS3410.

**(viii) Classification by Sector**

The Province reports operational results under the following sectors: health and healthy living, education, family services, community economic and resource development, justice and other expenditures and general government. The entities and departments included in each sector are identified in Schedule 8 to the summary financial statements.

The health and healthy living sector includes provincial health care programs and includes all health related entities and services.

The education sector includes all education services including elementary, secondary and post-secondary services, including the pension related expenses associated with this sector.

The family services sector includes all social services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the Province.

The community economic and resource development sector includes the promotion and development of the Province's natural resources including the support of industries within this sector. It also includes the operation and maintenance of transportation systems including highway infrastructure and other Government infrastructure. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

The justice and other expenditures sector include general administration, finance, executive and legislature, cultural and sport related activities. The sector contains criminal and civil legal services and programs that protect the rights of Manitobans. Also included in the sector, are all general government pension related expenses.

The general government sector is comprised of those activities that cannot to be allocated to the specific sectors noted above.

Inter-segment transfers between sectors are measured at the exchange amount.

#### E. Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of individual and corporate income taxes, Canada Health Transfer and Canada Social Transfer entitlements, accruals for pension obligations, accruals for environmental obligations, allowances for doubtful loans, accruals for liabilities valued through actuarial valuations, such as long term disability, severance, sick pay obligations and workers compensation claims and advances and provision for losses on guarantees.

The nature of the uncertainty related to the accrual of health and social transfer payments from the Government of Canada and individual and corporate income taxes arises because of the possible differences between the estimates for the economic factors used in calculating the accruals and actual economic results. The uncertainty related to accruals for pension obligations arises because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of claimants. The uncertainty related to the accrual of environmental obligations is based upon the identification of all sites where environmental damages have occurred that are the Government's responsibility to mitigate and the quantification of what the actual liability will be based upon impact studies. Uncertainty concerning the allowance for doubtful loans and advances is based upon actual collectability and changes in economic conditions.

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future conditions in the near term could require a material change in the valuation of the reported amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

## 2. TEMPORARY INVESTMENTS

|                       | (\$ millions) |      |
|-----------------------|---------------|------|
|                       | 2013          | 2012 |
| Temporary investments | 191           | 205  |

Temporary investments are recorded at cost, which approximates market value. Temporary investments consist of investments with financial institutions, government bonds and other short term investment vehicles. All of the securities have terms to maturity of less than one year.



3. PORTFOLIO INVESTMENTS

|  | (\$ millions) |              |
|--|---------------|--------------|
|  | 2013          | 2012         |
| Sinking funds  | 1,591         | 1,736        |
| Other investments                                      | 842           | 985          |
| Unamortized termination losses on derivative contracts | 33            | 39           |
|  | <u>2,466</u>  | <u>2,760</u> |

Portfolio investments are recorded using the cost method. Under this method, any discount or premium arising on the purchase of a fixed term security is amortized over the period to maturity. Portfolio investments are written down to market value only in those circumstances where the loss in value is other than temporary in nature. As at March 31, 2013, the market value of portfolio investments was \$2,433 million (2012 - \$2,726 million). Portfolio investments earned \$75 million during the year (2012 - \$81 million).

**Sinking Funds**

Section 60 of *The Financial Administration Act* authorizes the Minister of Finance to provide for the creation and management of sinking funds for the orderly retirement of debt. The Government's sinking fund currently provides for the repurchase of foreign debt and the pre-funding of maturing debt issues. The sinking fund is invested principally in securities issued or guaranteed by federal and provincial governments. Sinking funds are invested in fixed income securities as follows:

|   | (\$ millions) |              |              |              |
|---|---------------|--------------|--------------|--------------|
|   | 2013          |              | 2012         |              |
|   | Book Value    | Fair Value   | Book Value   | Fair Value   |
| Government of Canada, direct and guaranteed | 164           | 166          | 220          | 224          |
| Provincial, direct and guaranteed           | 1,263         | 1,237        | 1,323        | 1,303        |
| Municipal                                   | 136           | 138          | 165          | 170          |
| Corporate                                   | 28            | 25           | 28           | 24           |
|   | <u>1,591</u>  | <u>1,566</u> | <u>1,736</u> | <u>1,721</u> |

Investment revenue earned on sinking funds during the year was \$61 million (2012 - \$67 million). The sinking funds are allocated as follows:

|   | (\$ millions) |              |
|---|---------------|--------------|
|   | 2013          | 2012         |
| Sinking funds   | 1,672         | 1,859        |
| Less: Uninvested portion of sinking funds held in cash and cash equivalents | (81)          | (123)        |
| Total sinking funds held in portfolio investments                           | <u>1,591</u>  | <u>1,736</u> |

**Other Investments**

|  | (\$ millions) |            |
|--|---------------|------------|
|  | 2013          | 2012       |
| Guaranteed investment certificates                     | 60            | 85         |
| Bonds – Government of Canada, provincial and municipal | 223           | 330        |
| Bonds – Corporate                                      | 426           | 432        |
| Equity Investments                                     | 112           | 118        |
| Investments in real estate                             | 21            | 20         |
|  | <u>842</u>    | <u>985</u> |

As at March 31, 2013, the market value of other investments was \$867 million (2012 - \$1,005 million). Other investments earned \$14 million during the year (2012 - \$14 million).

**4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES**

The GBEs that are included in the summary financial statements are listed in Schedule 8 and are classified as follows:

| Category  | Definition   |
|-----------|--|
| Utility   | An enterprise which provides public utility services for a fee.  |
| Insurance | An enterprise which provides insurance coverage services to the public for a fee.  |
| Finance   | Enterprises which provide regulatory control and are revenue generating or enterprises which use economy of scale to deliver goods and services to the public. |

The operating results and financial position of each GBE category are reported in Schedule 3 to the summary financial statements.

Included in the equity in GBEs are equities, which are restricted for use by provincial legislation and thereby not available to discharge Government liabilities or to finance other Government programs. The equity in GBEs is comprised of:

|   | (\$ millions) |              |
|---|---------------|--------------|
|   | 2013          | 2012         |
| Restricted Equity in Government Business Enterprises:   |               |              |
| Deposit Guarantee Corporation of Manitoba               | 208           | 190          |
| Manitoba Hydro-Electric Board                           | 2,841         | 2,777        |
| Manitoba Public Insurance Corporation                   | 420           | 422          |
| Workers Compensation Board                              | 282           | 213          |
|   | <u>3,751</u>  | <u>3,602</u> |
| Unrestricted Equity in Government Business Enterprises: |               |              |
| Manitoba Lotteries Corporation                          | 5             | 5            |
| Manitoba Public Insurance Corporation                   | 10            | 10           |
|   | <u>15</u>     | <u>15</u>    |
| Equity in Government Business Enterprises               | <u>3,766</u>  | <u>3,617</u> |

## 5. PENSION PLANS

The Government participates in various pension plans. The two primary plans, in which the Government directly participates, are the Civil Service Superannuation Plan, and the Teachers' Pension Plan. As per the Acts that administer these plans, the Government is responsible for 50% of pension benefits earned by employees. These Plans are joint trustee plans. The Government's pension liability reflects its share of the actuarial present values of pension benefits attributed to services rendered by employees and former employees, net of any plan assets which are set aside by the Government in an irrevocable trust. As of March 31, 2013, the pension liability for the Civil Service Superannuation Plan was \$670 million (2012 - \$613 million) and the pension liability for the Teachers' Pension Plan was \$1,131 million (2012 - \$1,009 million).

Other pension plans in which the Government participates include the Members of the Legislative Assembly Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan and the Winnipeg Child and Family Services Employee Benefits Retirement Plan. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

The Government also includes several other pension plans in its pension liability. These other plans include post-secondary education pension plans and public school divisions' pension plans. Post-secondary education pension plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan. Public school divisions' pension plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

Employees in the health sector are members of the Health Care Employees Pension Plan, a multi-employer defined benefit pension plan established between employees and participating boards. Because the Government does not sponsor this plan, the accrued benefit liability of this plan is not recognized in these financial statements. The annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. During the year, the Government expensed contributions to this plan of \$132 million (2012 - \$129 million). At December 31, 2012 the Plan had a deficiency of net assets available for benefits over pension obligations of \$307 million. The Plan is addressing this deficiency through increased employer and employee contributions and exercising due diligence in evaluating investment and other management decisions.

As at March 31, 2013, the total pension liability being reflected in the summary financial statements was \$1,828 million (2012 - \$1,634 million). Details related to the pension liability are provided in Schedule 6 to the Summary financial statements. The following provides general information on the contributions and benefit formulae of the various pension plans, which are included in this schedule.

### A. Civil Service Superannuation Plan

*The Civil Service Superannuation Act* (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government through the Civil Service Superannuation Fund (CSSF).

The lifetime pension calculation equals 2% of a member's best five-year average yearly pensionable earnings multiplied by pensionable service, minus 0.4% of the average Canada Pension Plan (CPP) earnings multiplied by pensionable service since January 1, 1966.

The CSSA requires employees to contribute 6.5% of pensionable earnings up to the CPP maximum pensionable earnings, and 7.5% on pensionable earnings above the maximum. Commencing on July 1, 2012 employee contributions increased by .5% per year and will continue increasing by .5% until the 2015 calendar year. At that time employees will be required to contribute 8.0% of pensionable earnings up to the CPP maximum pensionable earnings, and 9.0% on pensionable earnings above the maximum. 89.8% of employee contributions are used to fund basic benefits and 10.2% of employee contributions are allocated to funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Civil Service Superannuation Plan are reported in the December 31, 2012 audited financial statements of CSSF. At December 31, 2012, after accounting for Provincial pension assets held in trust and trust assets held in trust for government business enterprises, CSSF had an estimated accrued net obligation of \$1,249 million (2011 - \$1,471 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value. This valuation also includes estimated net obligations related to GBE's, which are included in the summary financial statements on a modified equity basis, and other entities that are not part of the GRE.

#### **B. Teachers' Pension Plan**

*The Teachers' Pensions Act* (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

The lifetime pension calculation is generally based upon 2% of a member's average salary of the best five of the final 12 years of service (best seven prior to July 1, 1980) multiplied by pensionable service, minus the years of service multiplied by 0.6% of the annual salary up to the yearly maximum pensionable earnings. The pension amount is subject to a maximum of 70% of the average annual salary used above.

The TPA requires that teachers contribute 7.3% of pensionable earnings up to the CPP maximum earnings, and 8.9% of pensionable earnings above the maximum. Commencing September 1, 2012 teacher contributions increased .5% per year and will continue increasing at .5% per year until September 1, 2015. At that time the TPA will require teachers to contribute 8.8% of pensionable earnings up to the CPP maximum pensionable earnings and 10.4% of pensionable earnings above the maximum. 83.3% of teacher's contributions are used to fund basic benefits and 16.7% of teachers contributions are allocated for funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in Teachers' Retirement Allowances Fund can finance one half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Teachers' Pension Plan are reported in the December 31, 2012 audited financial statements of Teachers' Retirement Allowances Fund (Fund). At December 31, 2012, after accounting for provincial pension assets held in trust, the Fund had an estimated accrued net obligation of \$1,547 million (2011 - \$1,457 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value.

#### **C. Other Government Plans**

##### **(i) Members of the Legislative Assembly Plan**

The pension plan for Members of the Legislative Assembly (MLAs) is established and governed by *The Legislative Assembly Act* (LAA).

For MLAs elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service to April 1995. The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served; if less than five, multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases.

For those MLA's elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. Under the matching contributions provisions, MLAs may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The Government matches the member's contributions on a current basis; consequently, there is no liability for past service

benefits under this component of the plan. In the event that a member withdraws money from the RRSP, while an active member of the Legislative Assembly, the Government's contribution would be refundable back to the Government.

**(ii) Legislative Assembly Pension Plan**

The Members' Retirement Benefits Regulation of *The Legislative Assembly Act* established a defined benefit plan, effective April 1, 2004 that provides pension benefits to eligible MLAs who elect to participate in the plan.

The pension benefits accumulate up to a maximum period of 35 years at 2% per year of pensionable service based upon the average of the best five-year annual salaries, reduced by an amount equal to 0.25% times the number of months before the member's 60<sup>th</sup> birthday that the first pension payment is made. These entitlements are indexed to 2/3 of cost of living increases.

Active members must contribute 7% of their earned salary to the plan. The Government makes contributions as necessary to ensure the pension fund has sufficient assets to cover the monthly pension payments to retirees as well as ensuring there are sufficient funds to cover any of the plans liabilities. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

**(iii) Judges' Supplemental Pension Plan**

Manitoba Provincial Court Judges and Masters are members of the Civil Service Superannuation Plan; however, they also receive enhanced pension benefits under the Manitoba Provincial Court Judges and Masters' Supplemental Pension Plan. These supplemental pension benefits for judges are the difference between the total pension benefits for judges, including the amendments introduced by Judicial Compensation Committees, and the formula pension available under *The Civil Service Superannuation Act* (CSSA) as described above in Note 5A.

The supplemental pension is generally based upon an accrual rate of 3% for each year of service, as a judge, up to a maximum of 23.5 years, reduced by the pension provided under the CSSA. The combined total of the Judges' Supplemental Pension and Civil Service Superannuation Pension is subject to a maximum of 70% of earnings. These enhanced benefits are entirely funded by the Government.

**(iv) Winnipeg Child and Family Services Employee Benefits Retirement Plan**

Established effective December 29, 2003, the Winnipeg Child and Family Services Employee Benefits Retirement Plan (WCFSP) applies to employees of the former Winnipeg Child and Family Services Agency, who transferred to the Department of Family Services and Labour.

The lifetime pension calculation equals 2% of the member's highest average pensionable earnings in any three non-overlapping periods of 12 consecutive months, less 0.6% of the average CPP earnings for the same period multiplied by years of pensionable service. Indexing payments are subject to approval by the Trustees, subject to increases in the Consumer Price Index.

Members are required to contribute 4.5% of pensionable earnings up to the CPP maximum and 6% on pensionable earnings over the maximum. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

**D. Other Pension Plans**

**(a) Post-Secondary**

**(i) University of Manitoba Pension Plan**

The University of Manitoba administers The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993), and The University of Manitoba GFT Pension Plan (1986). These are trustee pension plans. The Trustees are responsible for the custody of the plans' assets and issuance of annual financial statements. The December 2009 funding valuation indicated that the University of Manitoba Pension Plan (1993) was in a funding deficiency position which the



University is funding over fifteen years at an annual additional payment of \$4 million. In addition the Plan was amended effective January 1, 2011 to provide for increases in employee and employer contributions of .5% effective January 1, 2011, .5% effective January 1, 2012 and 1.0% effective January 1, 2013.

University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The funding for the plan requires a matching contribution from the University and the employees. The plan is not indexed. Retirement benefit is calculated by using the greater of the two methods: Formula and Plan Annuity. For each year of pensionable service, Formula benefit equals 2.0% of the average best five year salary, less 0.7% of the average best five year salary under the yearly maximum pensionable earnings in the year of retirement, to a maximum of 1/9 of the Pension Plans money purchase limit. The benefit is reduced by ¼% for each month between the actual pension commencement date and the age of 65. Plan Annuity benefit is based on contribution account balance, age of the retirement, and the annuity factor determined by the plan actuary.

The University of Manitoba Pension Plan (1970) operates as a defined contribution or money purchase arrangement for service since 2003. Certain members retain an entitlement to a hybrid formula for the service prior to 2003, similar to the 1993 Plan.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan; therefore there is no requirement for an actuarial valuation of this plan.

#### **(ii) University of Winnipeg Pension Plan**

The University of Winnipeg administers the University of Winnipeg Pension Plan (UWPP), which is comprised of a defined benefit segment and a defined contribution segment. The assets of the Plan are held in trust by independent custodians.

The UWPP was established as a contributory defined benefit pension plan at September 1, 1972 and covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. The funding for the plan requires a matching contribution from the University and the employees. Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service. At December 2010 the Plan had a going-concern deficiency of \$25 million which the University is addressing by making annual deficiency payments of \$3 million until the deficiency is eliminated.

Since December 31, 2000, when the defined contribution segment of the Plan was introduced, approximately one-quarter of the eligible members converted to that plan. The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

#### **(iii) Brandon University Retirement Plan**

Brandon University administers the Brandon University Retirement Plan, which is a trustee pension plan. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements.

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The funding for the plan requires a matching contribution from the University and the employees.

Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service for members retired on or before April 1, 2009, and \$1,975.00 for those retiring after that date.

**(b) Public School Divisions**

**(i) The Winnipeg School Division Pension Fund for Employees Other Than Teachers**

The Winnipeg School Division Pension Fund for Employees Other Than Teachers is a defined benefit pension plan for employees that meet specified employment conditions. The fund was created by By-law 196 of the Winnipeg School Division (replaced by By-law 1017 on January 1, 1992) and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.6% of a member's average pensionable salary and 2.0% of a member's average salary over the pensionable salary, multiplied by a member's years of pensionable service. The average salary is determined by averaging the best five years of employment salary in the last twelve years of service.

Employee contributions equal 6.5% of pensionable salary and 7.8% of the earnings in excess of pensionable salary up to the yearly maximum pensionable earnings, effective January 1, 2008. The percentages changed to 7.0% and 8.2% respectively, effective January 1, 2009. The Winnipeg School Division matches employee contributions and pays an additional 27.4% of employee contributions less the amount needed to finance the Disability Income Plan benefits (approximately 10%). As a result, employer contributions equal approximately 117.4% of employee contributions.

**(ii) Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division**

The St. James-Assiniboia School Division Retirement Plan for Non-teaching Employees is a defined benefit pension plan that was established on January 1, 1978 and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.4% of a member's average employment earnings below CPP earnings and 2.0% of a member's employment earnings in excess of the CPP earnings, multiplied by a member's years of contributory service. The average employment earnings are determined by averaging the best six years of employment earnings in the last 12 years of service.

Employee contributions equal 5.7% of CPP earnings and 7.3% of the employment earnings in excess of CPP earnings. The St. James-Assiniboia School Division matches employee contributions.

**(iii) Retirement Plan for Employees of Frontier School Division**

The Frontier School Division Retirement Plan is a defined benefit pension plan for non-teaching employees.

The pension benefit is based on an amount equal to 2.0% of a member's best average earnings, multiplied by a member's years of credited service. The average employment earnings are determined by averaging the best five years of employment earnings in the last ten years of service.

Employee contributions equal 6.0% of CPP earnings, with the Frontier School Division matching employee contributions. The Frontier School Division is responsible for the balance of the pension cost, of which a portion can be financed by an allocation from pension surplus.

**E. Government Business Enterprises**

Manitoba Hydro-Electric Board, Manitoba Liquor Control Commission, Manitoba Public Insurance Corporation and Manitoba Lotteries Corporation are members of the CSSF. The net pension liabilities for these GBEs are disclosed in Schedule 3.

**6. CONTINGENCIES**

**A. Contingent Liabilities**

**i) Legal Actions**

The Government has been named in various legal actions. No provision has been made at March 31, 2013 in the accounts where the final results are uncertain.

**ii) Northern Development Projects**

The Government is contingently liable for legal claims associated with past Manitoba Hydro-Electric Board (Hydro) related northern development projects. The outcome of these claims is not determinable at this time.

Hydro is party to an agreement dated December 16, 1977, with Canada, the Province of Manitoba and the Northern Flood Committee Inc., representing the five First Nations in the communities of Cross Lake, Nelson House, Norway House, Split Lake and York Landing. This agreement, in part, provides for compensation and remedial measures necessary to ameliorate the impacts of the Churchill River diversion and the Lake Winnipeg Regulation projects.

In recognition of all anticipated payments, Hydro has recorded a total liability of \$235 million (2012 - \$251 million). Reassessments of these liabilities will be made as settlements are achieved. There are other mitigation issues, the outcomes of which are not determinable at this time.

**iii) Canadian Blood Services**

The majority of provincial and territorial governments of Canada, including Manitoba, are members of, and provide funding to, Canadian Blood Services, which operates the Canadian blood system. The March 31, 2013 audited financial statements of Canadian Blood Services indicate that a wholly owned subsidiary, CBS Insurance Company Limited, provides for the contingent liabilities for risks related to operations of the blood system. The actuarially determined provisions for future insurance claims, reported and unreported, related to insured events that occurred prior to March 31, 2013 is \$250 million (2012 - \$250 million). The related assets as at March 31, 2013 total \$354 million (2012 - \$335 million). The subsidiary also had a re-insurance contract for additional coverage of \$750 million.

Based upon the above, the Government's share of the provision for future claims as at March 31, 2013 is offset with designated assets, which at that point exceed the provision. In addition, there is re-insurance to cover an additional \$750 million in claims of insured events occurring on or before March 31, 2013. The Government is not aware of any proceedings that could lead to a claim against it given the existing arrangement in place.

**iv) Treaty Land Entitlement Obligations**

To meet the Government's obligation under treaty land entitlement agreements, approximately 688,137 acres of provincial Crown lands have been made available or transferred to the Government of Canada for First Nations. The Government's obligations under the treaty land entitlement agreements require the setting aside of 1,426,454 acres off Crown lands and Other Lands (Acquisition). To date, approximately 987,659 acres of Crown lands have been selected by the Entitlement First Nations. The Crown lands will be transferred according to the Natural Resources Transfer Agreement, and the transfer will include mines and minerals and other interests normally reserved for the Government, under The Crown Land Act or any other statute.

**v) Credit Union Guarantees**

The Deposit Guarantee Corporation of Manitoba has guaranteed \$20.8 billion (2012 - \$18.8 billion) in credit union deposits at the end of their current fiscal year. Based upon ongoing monitoring procedures, the Corporation has concluded that a provision for such contingencies does not need to be established at this time.

**vi) Environmental Issues**

The Manitoba Hydro-Electric Board will incur future costs associated with the assessment and remediation

of contaminated lands and for the phase-out and destruction of polychlorinated biphenyl contaminated mineral oil from electrical equipment. A reasonable estimate of the associated costs cannot be made at this time.

#### B. Loan Guarantees

The Government has guaranteed the repayment of debt, promissory notes, bank loans, lines of credit, mortgages and securities held by others. Debt guaranteed by the Government is guaranteed, as to principal and interest, until the debt is matured or redeemed. The authorized limits and the outstanding guarantees are summarized as follows:

|  | Authorized<br>Limit | (\$ millions)<br>2013 | 2012 |
|--|---------------------|-----------------------|------|
| Manitoba Business Start Program                        | 5                   | 3                     | 4    |
| Manitoba Agricultural Services Corporation (Note 6B.a) | -                   | 80                    | 82   |
| Manitoba Student Aid Program (Note 6B.b)               | 20                  | -                     | 1    |
| Manitoba Housing and Renewal Corporation (Note 6B.c)   | 20                  | 10                    | 14   |
|  |                     | 93                    | 101  |
| Manitoba Grow Bonds                                    |                     | 3                     | 3    |
| Total guarantees outstanding                           |                     | 96                    | 104  |

A provision for future losses on guarantees in the amount of \$20 million (2012 - \$19 million) has been recorded in the accounts. The provisions for losses on guaranteed loans are determined by a review of individual guarantees. The provision represents the best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees.

#### Manitoba HydroBonds Guarantees

Outstanding Manitoba HydroBonds as at March 31, 2013 totalled \$237 million (2012 - \$330 million). These bonds carry fixed and variable coupon rates that range from 1.75% to 10.00%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees \$163 million (2012 - \$254 million) of these outstanding bond

#### Note 6B.a) Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation has guaranteed loans under the following programs:

| <u>Program</u>                                  | <u>General Terms and Conditions</u>  |
|---|--|
| Operating Credit Guarantee                      | Each participating lending institution is guaranteed 25% of the respective value of loans made under this program.   |
| Manitoba Livestock Associations Loan Guarantees | Each association is guaranteed 25% of the loan to a maximum guarantee of \$5 million.  |
| Diversification Loan Guarantee Program          | Each participating lender is guaranteed 25% of the loan made for the diversification or farm value-added activities, to a maximum individual guaranteed loan allowable of \$3 million. |
| Enhanced Diversification Loan Guarantee Program | Guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.   |
| Rural Entrepreneur Assistance (REA) Program     | Each participating lender is guaranteed up to 80% of the loan made to small rural non-agricultural business to a maximum guarantee of \$0.2 million.                                   |

**Note 6B.b) Manitoba Student Aid Program**

The Government guarantees three types of student loans, issued in the past 19 years, as follows:

| <u>Loan type</u>   | <u>Nature of loan</u>  |
|--------------------|--|
| Guaranteed loans   | Issued by the Canadian Imperial Bank of Commerce (CIBC) from April 1, 1993 to December 31, 1994. These loans are fully guaranteed, if the loan is deemed to be in default.   |
| Limited risk loans | Issued by the CIBC from January 2, 1995 to December 31, 1997 and issued by the Royal Bank from June 2, 1997 to July 31, 2000. The Government only guarantees those loans in default that have been issued to credit abusers, insolvent creditors and minors. |
| Non-risk loans     | Issued by the Royal Bank from August 1, 2000 to July 31, 2001. The Government has agreed to guarantee and purchase any loan deemed to be in default.   |

**Note 6B.c) Manitoba Housing and Renewal Corporation**

The Government has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts.

**7. CONTRACTUAL OBLIGATIONS**

The Government has entered into a number of multi-year contracts and agreements for the delivery of services and the acquisition or construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The following represents the amounts required to satisfy the contractual obligations, by the year that it is anticipated that the terms of the contract will be met, as at March 31:

| (\$ millions)  | 2014         | 2015       | 2016       | 2017       | 2018       | 2019<br>and<br>beyond | Total        |
|--|--------------|------------|------------|------------|------------|-----------------------|--------------|
| Government departments,<br>Crowns and Special<br>Funds | 467          | 213        | 196        | 192        | 192        | 160                   | 1,420        |
| Government Business<br>Enterprises                     | 1,654        | 8          | 7          | 6          | 6          | 41                    | 1,722        |
| <b>Total</b>   | <b>2,121</b> | <b>221</b> | <b>203</b> | <b>198</b> | <b>198</b> | <b>201</b>            | <b>3,142</b> |

**Manitoba Hydro Commitments**

Manitoba Hydro-Electric Board (Hydro) purchased the net assets of Winnipeg Hydro from the City of Winnipeg in 2002. Winnipeg Hydro was an electric utility with 94,000 customers and annual revenues of \$125 million. The purchase consideration principally consisted of annual payments by Hydro to the City of Winnipeg of \$25 million in years 2002 to 2006, \$20 million per annum in years 2007 to 2011, and \$16 million per annum in year 2012 and each year thereafter. The net assets and related financing obligations are reflected in Hydro's financial statements.

Hydro has energy purchase commitments of \$1,592 million (2012 - \$1,651 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts), coal and electricity. Commitments are primarily for wind, which expire in 2038, and natural gas purchases, which expire in 2013.



**8. DEBT SERVICING**

Debt servicing costs of \$839 million (2012 - \$815 million) are net of interest recoveries from GBEs of \$517 million (2012 - \$494 million) and include \$38 million (2012 - \$42 million) representing interest expense of Crown organizations. GBEs debt servicing costs of \$496 million (2012 - \$430 million) are reported in Schedule 3.

**9. ADJUSTMENTS TO ACCUMULATED DEFICIT**

In the March 31, 2013 fiscal year, restatements of the March 31, 2012 accumulated deficit and net income for the year were made in compliance with the Government's accounting policies or for the correction of errors.

**Correction for Accrual of Income Tax Credits**

The CICA's Accounting Standards Board has announced that effective January 1, 2012 Canadian publicly accountable enterprises will adopt standards related to the recognition of certain tax credits and concessions. As a result of the review of the application of this new accounting policy it was determined that certain tax credits were not being recognized in the fiscal year to which they applied but rather were being recognized when paid. During the year a correction was made to ensure all tax credits and concessions are being recognized in the year in which the tax credit is earned. This has resulted in an increase in the opening accumulated deficit and net debt of \$39 million (2012 - \$37 million).

**10. AMOUNTS DUE TO THE GOVERNMENT OF CANADA**

The March 31, 2003 financial statements disclosed that the net impact of the federal settlement related to the Federal accounting error for the period of 1997 to 1999 was a \$91 million loan payable owing to the Government over a ten-year period commencing in 2004/05. As at March 31, 2013, this loan payable has been reduced to \$9 million (2012 - \$18 million).

To offset negative adjustments to the 2004 Equalization payments, the Government of Canada provided a loan payable to the Government of \$38 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2013, this loan payable had been reduced to \$11 million (2012 - \$15 million). Similarly, to offset negative adjustments to the 2004 Canada Health and Social Transfer (CHST) entitlements, the Government of Canada provided a loan payable to the Government of \$9 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2013 this loan payable had been reduced to \$3 million (2012 - \$4 million). These loans are non-interest bearing.

Through the Manitoba Opportunities Fund Ltd., the Government holds and invests deposits made through the Federal Department of Citizenship and Immigration, Canada's Immigrant Investor Program. As at March 31, 2013, the Government has loans payable of \$275 million (2012 - \$299 million) to be repaid to the Government of Canada five years after receipt. The Government is charged an administrative fee for each loan.

**11. AMOUNTS HELD IN TRUST**

Amounts held in trust are assets over which the Manitoba Legislature has no power of appropriation. The amounts are not included in the summary financial statements because the Government has no equity in the amounts and administers them according to trust or other agreed-upon arrangements. As at March 31, 2013 amounts held in trust were as follows:

|                  | (\$ millions) |            |
|------------------|---------------|------------|
|                  | 2013          | 2012       |
| Fiduciary Trusts | 563           | 593        |
| Custodial Trusts | 128           | 111        |
|                  | <u>691</u>    | <u>704</u> |

#### **Fiduciary Trusts**

The Government holds certain interest bearing deposits as fiduciary trusts. These deposits are pooled with the Government's investments in order to earn a market rate of interest.

#### **Custodial Trusts**

The Government holds custodial trust funds in the form of bonds and other securities.

### **12. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS**

Borrowings in both Canadian and foreign financial markets result in exposure to risks, which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives).

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Government uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Government does not use derivatives for speculative purposes.

#### **Foreign exchange risk**

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary due to fluctuations in foreign exchange rates.

To manage this risk, the Government uses derivative contracts, including foreign exchange forward contracts as well as swaps, to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. The current portfolio of foreign debt is fully hedged through the use of derivatives and U.S. dollar sinking funds, except for the impact of the unamortized foreign exchange fluctuation account of \$39 million (2012 - \$44 million). This account is fixed with no sensitivity to future foreign exchange rates.

Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. The current policy has hedged the foreign currency debt principal and interest payments through the use of derivatives in relation to general purpose debt.

Manitoba Hydro-Electric Board (Hydro) has exposure to U.S. dollar foreign exchange fluctuations primarily through the sale and purchase of electricity and fuel in the U.S. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term debt coupon and principal payments and thermal fuel purchases. For its U.S. debt retirement purposes, Hydro has a hedging relationship between U.S. dollar long-term debt balances and U.S. sinking funds. As a means to bridge temporary timing differences between inflows and outflows to future years' U.S. dollar requirements, Hydro also utilizes derivative foreign exchange forward contracts as required.

#### **Interest rate risk**

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

To reduce its exposure to interest rate risk, the Government uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio.

After taking into account derivatives used to manage interest rate risk, investments held as sinking funds and eliminating debt incurred on behalf of Manitoba Hydro-Electric Board, the structure of the debt as at March 31, 2013 was 88% at fixed rates and 12% at floating rates (2012 - 90% at fixed rates and 10% at floating rates). A one percent (100 basis points) movement in interest rates on the 12% floating rate debt for an entire year would increase/decrease debt servicing costs, net of recoveries, by \$24 million (2012 - \$18 million).

### Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations.

The Government manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. In addition, the Government enters into contractual agreements ("master agreements") with all of its counterparties. As at March 31, 2013 the Government has a gross credit risk exposure related to derivatives of \$47 million (2012 - \$105 million).

### Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term.

To reduce liquidity risk, the Government maintains liquid reserves (i.e. cash and cash equivalents) at levels that will meet future cash requirements and will give the Government flexibility in the timing of issuing debt. In addition, the Government has short-term note programs, bank lines and sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years.

### Derivative portfolio

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

|  | (\$ millions)     |                 |                   |                 |
|--|-------------------|-----------------|-------------------|-----------------|
|  | 2013              |                 | 2012              |                 |
|  | Notional<br>Value | Fair<br>Value   | Notional<br>Value | Fair<br>Value   |
| Interest rate and cross currency<br>swaps..... | <u>40,161</u>     | <u>( 1,272)</u> | <u>35,995</u>     | <u>( 1,127)</u> |

Notional amounts of derivatives contracts represent the contractual amounts to which a rate or price applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts and are generally a measure of the exposure to the asset class to which the contract relates. They are not recorded as assets or liabilities on the statement of financial position. Notional amounts do not represent the potential gain or loss associated with the market risk or credit risk associated with the derivative contract.

Fair values of the swap agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap agreements using year-end market interest and exchange rates. A positive (negative) fair value indicates that the government would receive (make) a payment if the agreements were terminated.

## 13. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES

Transactions with GBEs are not eliminated for purposes of summary reporting because they are reported in these summary financial statements using the modified equity method of accounting. These financial statements include the following transactions between the Government and GBEs:

### A. Accounts Receivable

Amounts receivable includes receivables from GBEs as reported in Schedule 1 to the summary financial statements. Loans and advances to GBEs are reflected in Schedule 2 to the summary financial statements.

**B. Borrowings**

Borrowings include \$551 million (2012 - \$508 million) owed to Manitoba Public Insurance Corporation (MPIC) relating to the capital financing of school board and health care facilities. Borrowings also include debt in the amount of \$236 million (2012 - \$233 million) and \$40 million (2012 - \$40 million) owed to MPIC and Manitoba Hydro-Electric Board respectively, related to the financing of other Government programs.

These borrowings are repayable over a term from 2013 to 2042 at varying interest rates ranging from 1.75% to 10.00%.

**C. Water Power Rentals**

Water power rental fees charged to the Manitoba Hydro-Electric Board (Hydro), in the amount of \$111 million (2012 - \$111 million), are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category. Water power rental rates are authorized by Regulation 25/88 and 197/2001 under *The Water Power Act*. Rentals are paid to the Government for the use of water resources in the operation of Hydro's hydroelectric generating stations.

**D. Fees and Government Guarantees**

The Manitoba Hydro-Electric Board (Hydro) remitted \$93 million (2012 - \$85 million) to the Government based on the Hydro debt that is guaranteed by the Government. The fees are included in the Consolidated Statement of Revenue and Expense under the sinking funds and other investment earnings category.

**E. Driver Licensing Operations**

The Government, by agreement, paid \$28 million (2012 - \$28 million) to Manitoba Public Insurance Corporation (MPIC) for the management and administration of driver licensing. MPIC, on behalf of the Government, collected driver licensing fees totalling \$23 million (2012 - \$23 million) and motor vehicle registration fees totalling \$151 million (2012 - \$137 million).

The fees received by the Government are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category.

**F. Other Revenue**

Under *The Workplace Safety and Health Act of Manitoba*, the Workers Compensation Board supports the administrative expenses incurred by the Government's Department of Labour and Immigration for the Workplace Safety and Health program and the Worker Advisor Office. The amount for the year ended March 31, 2013 was \$9 million (2012 - \$9 million).

The Manitoba Lotteries Corporation provided \$4 million in funding for the year ended March 31, 2013 (2012 - \$4 million) to the Addictions Foundation of Manitoba for problem gambling services programs.

Manitoba Hydro-Electric Board paid Corporation Capital Tax of \$57 million for the year ended March 31, 2013 (2012 - \$51 million).

These amounts received by the Government are included in the Statement of Revenue and Expense under the fees and other revenue and other taxes categories.

**14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY**

In addition to producing a summary budget as presented on the summary financial statements, Consolidated Statement of Revenue and Expense, the Government continues to provide budget estimates for the Core Government revenue and expenses. PSAB accounting standards recommend disclosure of information where a government has exceeded its revenue, borrowing, investing, expense or expenditure authority limits. The budget estimate presented on the Consolidated Statement of Revenue and Expense, exclude \$149 million in supplemental estimates and special warrants related to the Core Government. The original budget estimate amounts plus the \$149 million in supplemental estimates and special warrants becomes the revised estimates, against which expenses in excess of legislative authority are determined.

Based upon the revised estimates, the following voted appropriations were over-expended as a result of adjustments made after March 31, 2013:

|   | (\$ millions) |
|---|---------------|
| Agriculture, Food and Rural Initiatives             |               |
| Risk Management, Credit and Income Support Programs | 10            |
| Education   |               |
| Education and School Tax Credits                    | 4             |
| Finance   |               |
| Net Tax Credit Payments                             | 7             |
| Health  |               |
| Capital Funding                                     | 2             |
| Justice   |               |
| Civil Justice                                       | 1             |
| Other Appropriations                                |               |
| Emergency Expenditures                              | 93            |

**15. COMPARATIVE FIGURES**

Certain 2012 financial statement figures have been reclassified to be consistent with the 2013 presentation.



SCHEDULE 1

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE**  
As at March 31, 2013

|   | (\$ millions) |              |
|---|---------------|--------------|
|   | 2013          | 2012         |
| <b>TAXATION REVENUE:</b>                                  |               |              |
| Corporation capital tax.....                              | 6             | 3            |
| Levy for health and education.....                        | 40            | 37           |
| Individual income tax.....                                | 186           | 143          |
| Insurance corporations tax.....                           | 20            | 20           |
| Motive fuel tax.....                                      | 28            | 23           |
| Oil and natural gas tax.....                              | 2             | 1            |
| Retail sales tax.....                                     | 182           | 167          |
| Tobacco tax.....  | 23            | 30           |
|   | <u>487</u>    | <u>424</u>   |
| <b>GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:</b>        |               |              |
| Municipal corporations.....                               | 227           | 214          |
| Government of Canada shared cost programs/agreements..... | 649           | 592          |
| Other.....  | 38            | 54           |
|   | <u>914</u>    | <u>860</u>   |
| <b>INTEREST:</b>  |               |              |
| Sinking fund.....   | 12            | 15           |
| Other investments.....                                    | 3             | 3            |
|   | <u>15</u>     | <u>18</u>    |
| <b>OTHER:</b>   |               |              |
| Health and social services.....                           | 146           | 123          |
| Manitoba Hydro-Electric Board.....                        | 10            | 9            |
| Manitoba Liquor Control Commission.....                   | 42            | 39           |
| Manitoba Lotteries Corporation.....                       | 21            | 19           |
| Sundry departmental revenue.....                          | 116           | 177          |
| Other.....  | 147           | 184          |
|   | <u>482</u>    | <u>551</u>   |
|   | 1,898         | 1,853        |
| Less: Allowances.....                                     | 237           | 206          |
| <b>Total Amounts Receivable</b>                           | <u>1,661</u>  | <u>1,647</u> |

SCHEDULE 2

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF LOANS AND ADVANCES**  
As at March 31, 2013

|   | (\$ millions) |              |
|---|---------------|--------------|
|   | 2013          | 2012         |
| <b>GOVERNMENT BUSINESS ENTERPRISES:</b>   |               |              |
| Manitoba Hydro-Electric Board.....  | 9,775         | 9,095        |
| Manitoba Lotteries Corporation.....   | 241           | 177          |
|   | <u>10,016</u> | <u>9,272</u> |
| Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board..... | <u>9,775</u>  | <u>9,095</u> |
|   | <u>241</u>    | <u>177</u>   |
| <b>OTHER:</b>   |               |              |
| Loans and mortgages - Note a.....   | 646           | 618          |
| Stadium loan - Note b.....  | 171           | 128          |
| Manitoba student loans - Note c.....  | 79            | 65           |
| Family services agencies - Note d.....  | 29            | 29           |
| Other.....  | 8             | 11           |
|   | <u>933</u>    | <u>851</u>   |
| <b>TOTAL LOANS AND ADVANCES</b>   | <u>1,174</u>  | <u>1,028</u> |
| Less: Valuation allowance.....  | <u>78</u>     | <u>73</u>    |
| <b>NET LOANS AND ADVANCES</b>   | <u>1,096</u>  | <u>955</u>   |

The government business enterprises loans and advances portfolio is due in varying annual amounts to the year 2063, bearing interest at either:

- fixed with rates ranging from 1.85% to 10.50%; or
- floating Canadian - Bankers Acceptance (BA) setting, established monthly or quarterly, with the 1 month BA rate at 1.22000 and 3 month BA rate at 1.28333 as at March 31, 2013.

Note a

|   |            |            |
|---|------------|------------|
| Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2038, bearing interest rates ranging from 3.0% to 11.25%. | 385        | 347        |
| Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2035, bearing interest rates ranging from 0.0% to 14.25%.      | 128        | 127        |
| Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest rates ranging from 0.0% to 7.375%.                                | 104        | 118        |
| Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2027, bearing interest rates ranging from 4.25% to 9.88%.  | 29         | 26         |
|   | <u>646</u> | <u>618</u> |

Note b - Stadium loan to BBB Stadium Inc, issued in two phases, payment due in varying annual amounts to 2038 on Phase 1 and 2058 for Phase 2, bearing interest at 4.65%

Note c - Student loans, payment and interest free until 6 months past the completion of studies, due 114 to 174 months after that time, carrying interest at prime plus 1.5%.

Note d - Advances to provide family services agencies with advances prepayment of fee for service charges, to be repaid when no longer required, bearing no interest.

**SUMMARY FINANCIAL STATEMENTS**  
**GOVERNMENT BUSINESS ENTERPRISES**  
**SCHEDULE OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION**  
**For the Year Ended March 31, 2013**  
**(\$ millions)**

SCHEDULE 3

| CHANGES IN EQUITY  | UTILITY | INSURANCE | FINANCE | TOTAL<br>2013 | TOTAL<br>2012 |
|--|---------|-----------|---------|---------------|---------------|
| Results from Operations  |         |           |         |               |               |
| Revenues from operations   | 2,062   | 1,485     | 1,447   | 4,994         | 4,763         |
| Expenses: From operations  | 1,481   | 1,416     | 882     | 3,779         | 3,620         |
| Debt servicing   | 489     | -         | 7       | 496           | 430           |
| Total expenses   | 1,970   | 1,416     | 889     | 4,275         | 4,050         |
| Net income   | 92      | 69        | 558     | 719           | 713           |
| Transfers to the Government  | -       | -         | (558)   | (558)         | (592)         |
|  | 92      | 69        | -       | 161           | 121           |
| Other Comprehensive Income (Loss)  | (28)    | 16        | -       | (12)          | (77)          |
| Net assets acquired on amalgamation                                      | -       | -         | -       | -             | 8             |
| Equity restatement on contributed surplus                                | -       | -         | -       | -             | (5)           |
| Net increase in equity in government business enterprises                | 64      | 85        | -       | 149           | 47            |
| <b>FINANCIAL POSITION</b>  |         |           |         |               |               |
| Assets:  |         |           |         |               |               |
| Cash and temporary investments   | 32      | 182       | 52      | 266           | 239           |
| Amounts receivable   | 425     | 364       | 39      | 828           | 711           |
| Portfolio investments - Due from Government and Government organizations | 352     | 803       | -       | 1,155         | 1,165         |
| Due from others  | -       | 2,744     | -       | 2,744         | 2,577         |
| Capital assets   | 12,168  | 154       | 336     | 12,658        | 11,845        |
| Other assets   | 1,225   | 187       | 56      | 1,468         | 1,480         |
| Total assets   | 14,202  | 4,434     | 483     | 19,119        | 18,017        |
| Liabilities:   |         |           |         |               |               |
| Accounts payable, accrued liabilities and deferred revenue               | 1,254   | 704       | 204     | 2,162         | 2,007         |
| Long-term debt: Owing to Government                                      | 9,775   | -         | 241     | 10,016        | 9,272         |
| Other borrowings, discounts and deferred transaction costs               | 210     | 4         | -       | 214           | 292           |
| Provision for future benefits: Pension obligations                       | 122     | 285       | 26      | 433           | 409           |
| Future cost of existing claims   | -       | 2,521     | 7       | 2,528         | 2,420         |
| Total liabilities  | 11,361  | 3,514     | 478     | 15,353        | 14,400        |
| Equity in government business enterprises                                | 2,841   | 920       | 5       | 3,766         | 3,617         |

For government business enterprises whose fiscal year end is prior to March 31, the amounts reflected are as at their fiscal year end.

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF BORROWINGS**  
**As at March 31, 2013**

**SCHEDULE 4**

(\$ millions)

| Fiscal Year of Maturity  | Bonds and Debentures |       | Canada Pension Plan | Loans and Mortgages | Promissory Notes and Treasury Bills | Totals        |               |
|--|----------------------|-------|---------------------|---------------------|-------------------------------------|---------------|---------------|
|  | Cdn                  | US    | Cdn                 | Cdn                 | Cdn                                 | 2013          | 2012          |
| 2013.....  | -                    | -     | -                   | -                   | -                                   | -             | 3,681         |
| 2014.....  | 1,650                | 750   | -                   | 76                  | 1,925                               | 4,401         | 2,460         |
| 2015.....  | 2,370                | 101   | -                   | 66                  | -                                   | 2,537         | 2,511         |
| 2016.....  | 1,985                | -     | -                   | 71                  | -                                   | 2,056         | 2,053         |
| 2017.....  | 1,958                | 508   | -                   | 55                  | -                                   | 2,521         | 2,583         |
| 2018.....  | 2,561                | -     | -                   | 34                  | -                                   | 2,595         | 2,054         |
| 2013-2018.....   | 10,524               | 1,359 | -                   | 302                 | 1,925                               | 14,110        | 15,342        |
| 2019-2023.....   | 5,690                | 711   | 15                  | -                   | -                                   | 6,416         | 4,197         |
| 2024-2033.....   | 2,392                | -     | -                   | 257                 | -                                   | 2,649         | 2,579         |
| 2034-2064.....   | 6,609                | -     | 477                 | -                   | -                                   | 7,086         | 6,408         |
| 2013-2043 Crown Organizations.....   | 555                  | -     | -                   | 256                 | -                                   | 811           | 771           |
| 2019-2064.....   | 15,246               | 711   | 492                 | 513                 | -                                   | 16,962        | 13,955        |
| Total borrowings.....  | 25,770               | 2,070 | 492                 | 815                 | 1,925                               | 31,072        | 29,297        |
| Reduced by:  |                      |       |                     |                     |                                     |               |               |
| Debt incurred for and repayable by The Manitoba Hydro-Electric Board.....                                |                      |       |                     |                     |                                     | (9,775)       | (9,095)       |
| Unamortized debt issue costs.....  |                      |       |                     |                     |                                     | (53)          | (54)          |
| Unamortized foreign currency fluctuation.....  |                      |       |                     |                     |                                     | (39)          | (44)          |
| Unamortized gains and losses on derivative contracts.....  |                      |       |                     |                     |                                     | 151           | 98            |
| Province of Manitoba debt issues held as investments in sinking funds and cash and cash equivalents..... |                      |       |                     |                     |                                     | (568)         | (599)         |
|  |                      |       |                     |                     |                                     | <u>20,788</u> | <u>19,603</u> |

|   | March 31/13<br>Cdn \$ Valuation<br>(See Notes) | March 31/12<br>Cdn \$ Valuation<br>(See Notes) |
|---|--|--|
| Borrowings payable in:                    |  |  |
| Canadian dollars                          | 22,629   | 22,410   |
| Foreign issues hedged to Canadian dollars | 6,372  | 4,850  |
| U.S. dollars                              | 1,727  | 1,699  |
| Foreign issues hedged to U.S. dollars     | 344  | 338  |
| Total borrowings                          | <u>31,072</u>                                  | <u>29,297</u>                                  |

Note a: The hedges are derivative contracts which include swaps and forward foreign exchange contracts.

Note b: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any forward foreign exchange contracts entered into for settlement after year-end.

Note c: Interest rates on these borrowings fall into one of three categories:

i) Fixed with rates ranging from 1.54% to 10.68%.

ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.03% and the highest set at 4.57% as at March 31, 2013.

iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting, established quarterly, with the lowest rate currently set at 0.38% and the highest set at 0.57% as at March 31, 2013.

SCHEDULE 5

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE,**  
**ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE**  
**As at March 31, 2013**

|   | (\$ millions)       |                     |
|---|---------------------|---------------------|
|   | 2013                | 2012                |
| Accounts payable.....   | 1,344               | 1,309               |
| Accrued charges:  |                     |                     |
| Interest accrued on borrowings.....   | 202                 | 198                 |
| Canadian Agricultural Income Stabilization / AgrilInvest.....                   | 60                  | 87                  |
| Compensation for Victims of Crime.....  | 22                  | 22                  |
| Disaster assistance.....  | 125                 | 211                 |
| Flood claims.....   | 15                  | 16                  |
| Infrastructure works program.....   | 5                   | 8                   |
| Long term disability income plan.....   | 23                  | 21                  |
| Environmental liabilities.....  | 402                 | 467                 |
| Salaries and benefits.....  | 639                 | 629                 |
| Sick pay obligations.....   | 69                  | 62                  |
| Severance pay.....  | 387                 | 367                 |
| Workers Compensation Board claims.....  | 24                  | 25                  |
| Other.....  | 98                  | 105                 |
|   | <u>2,071</u>        | <u>2,218</u>        |
| Provision for future losses on guarantees (Note 6).....                         | 20                  | 19                  |
| Unearned Revenue:   |                     |                     |
| Deferred contributions related to future expense.....                           | 69                  | 42                  |
| Government of Canada - advances re: shared-cost programs not yet claimed.....   | 74                  | 100                 |
| Research and special funds.....   | 87                  | 113                 |
| Tuition and education fees.....   | 35                  | 32                  |
| Vehicle registration.....   | 77                  | 62                  |
| Other.....  | 85                  | 41                  |
|   | <u>427</u>          | <u>390</u>          |
| <b>Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue</b> | <u><u>3,862</u></u> | <u><u>3,936</u></u> |



**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF PENSION LIABILITY**  
As at March 31, 2013

SCHEDULE 6

|  | Civil<br>Service<br>Superannuation<br>Plan | Teachers'<br>Pension<br>Plan | Post-<br>Secondary<br>Education<br>Plans<br>(Note A) | Public<br>School<br>Division<br>Plans<br>(Note A) | Other<br>Plans<br>(Note A) | (\$ millions) |               |
|--|--|------------------------------|--|---|----------------------------|---------------|---------------|
|  |  |                              |  |   |                            | Total<br>2013 | Total<br>2012 |
| <b>ACCRUED BENEFIT OBLIGATION</b>                    |  |                              |  |   |                            |               |               |
| Obligation at beginning of year.....                 | 2,418                                      | 3,089                        | 1,341  | 392   | 100                        | 7,340         | 7,118         |
| Current service costs.....                           | 87   | 79                           | 51   | 18  | 4                          | 239           | 203           |
| Interest cost on benefit obligation.....             | 142  | 205                          | 72   | 23  | 5                          | 447           | 418           |
| Change in actuarial (gains) losses and reserves..... | 3  | 104                          | (41)   | (1)   | 1                          | 66            | (5)           |
| Plan amendment.....                                  | -  | -                            | -  | (4)   | -                          | (4)           | (12)          |
| Benefits paid.....                                   | (126)                                      | (162)                        | (88)   | (20)  | (6)                        | (402)         | (384)         |
| Obligation at end of year.....                       | <u>2,524</u>                               | <u>3,315</u>                 | <u>1,335</u>   | <u>408</u>  | <u>104</u>                 | <u>7,686</u>  | <u>7,338</u>  |
| <b>PLAN ASSETS</b>                                   |  |                              |  |   |                            |               |               |
| Plan assets at beginning of year.....                | 1,614                                      | 1,767                        | 1,102  | 395   | 36                         | 4,914         | 4,818         |
| Employer contributions.....                          | 72   | 81                           | 39   | 9   | 6                          | 207           | 185           |
| Employee contributions.....                          | -  | -                            | 23   | 8   | 1                          | 32            | 29            |
| Transfer of plan assets.....                         | 4  | -                            | -  | (4)   | -                          | -             | 3             |
| Plan asset contributions.....                        | -  | -                            | -  | -   | -                          | -             | 240           |
| Benefits paid.....                                   | (126)                                      | (162)                        | (88)   | (20)  | (6)                        | (402)         | (384)         |
| Expected return on plan assets.....                  | 99   | 114                          | 66   | 25  | 2                          | 306           | 292           |
| Experience gains (losses).....                       | 50   | 35                           | 18   | (2)   | 2                          | 103           | (271)         |
| Market value of plan assets.....                     | <u>1,713</u>                               | <u>1,835</u>                 | <u>1,160</u>   | <u>411</u>  | <u>41</u>                  | <u>5,160</u>  | <u>4,912</u>  |
| Deferred investment losses (gains).....              | (2)  | (52)                         | 4  | 6   | (1)                        | (45)          | 158           |
| Market related value of plan assets.....             | <u>1,711</u>                               | <u>1,783</u>                 | <u>1,164</u>   | <u>417</u>  | <u>40</u>                  | <u>5,115</u>  | <u>5,070</u>  |
| <b>PENSION LIABILITY</b>                             |  |                              |  |   |                            |               |               |
| Plan deficit (surplus).....                          | 813  | 1,532                        | 171  | (9)   | 64                         | 2,571         | 2,268         |
| Unamortized actuarial gains (losses).....            | (143)                                      | (401)                        | (181)  | (23)  | 2                          | (746)         | (641)         |
| Surplus adjustments (Note B).....                    | -  | -                            | -  | 3   | -                          | 3             | 7             |
| Pension liability.....                               | <u>670</u>                                 | <u>1,131</u>                 | <u>(10)</u>  | <u>(29)</u>                                       | <u>66</u>                  | <u>1,828</u>  | <u>1,634</u>  |
| <b>PENSION EXPENSE</b>                               |  |                              |  |   |                            |               |               |
| Defined benefit pension plan expense:                |  |                              |  |   |                            |               |               |
| Current service cost.....                            | 87   | 79                           | 51   | 18  | 4                          | 239           | 203           |
| Interest cost on benefit obligation.....             | 142  | 205                          | 72   | 24  | 5                          | 448           | 418           |
| Return on plan assets.....                           | (99)                                       | (114)                        | (66)   | (25)  | (2)                        | (306)         | (292)         |
| Employee contributions.....                          | -  | -                            | (23)   | (8)   | (1)                        | (32)          | (29)          |
| Amortization of actuarial (gains) losses.....        | 3  | 33                           | 23   | 1   | -                          | 60            | 50            |
| Plan amendment.....                                  | -  | -                            | -  | -   | -                          | -             | (12)          |
| Change in surplus adjustments.....                   | -  | -                            | -  | (4)   | -                          | (4)           | (7)           |
| Defined benefit pension plan expense.....            | <u>133</u>                                 | <u>203</u>                   | <u>57</u>  | <u>6</u>  | <u>6</u>                   | <u>405</u>    | <u>331</u>    |
| Defined contribution pension plan expense.....       | -  | -                            | 4  | 17  | 132                        | 153           | 148           |

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF PENSION LIABILITY**  
As at March 31, 2013

SCHEDULE 6  
(cont'd)

|  | Civil<br>Service<br>Superannuation<br>Plan | Teachers'<br>Pension<br>Plan | Post-<br>Secondary<br>Education<br>Plans | Public<br>School<br>Division<br>Plans | Other<br>Plans | Total<br>2013  | Total<br>2012 |
|--|--|------------------------------|--|---------------------------------------|----------------|----------------|---------------|
| <b>MEMBER DATA</b>                         |  |                              |  |                                       |                |                |               |
| Defined benefit pension plan               |  |                              |  |                                       |                |                |               |
| Number of active and deferred members..... | 34,000                                     | 22,400                       | 6,100                                    | 4,300                                 | 300            | 67,100         | 65,400        |
| Number of pensioners.....                  | 18,000                                     | 12,800                       | 1,700                                    | 1,500                                 | 300            | 34,300         | 33,000        |
| Total number of plan members.....          | <u>52,000</u>                              | <u>35,200</u>                | <u>7,800</u>                             | <u>5,800</u>                          | <u>600</u>     | <u>101,400</u> | <u>98,400</u> |

**ACTUARIAL ASSUMPTIONS**

|  |       |       |               |               |               |
|--|-------|-------|---------------|---------------|---------------|
| Discount rate on accrued benefits..... | 6.00% | 6.50% | 5.00% - 5.85% | 5.50% - 6.00% | 5.00% - 5.50% |
| Expected long-term rate of return..... | 6.00% | 6.50% | 5.00% - 5.85% | 5.50% - 6.00% | 5.00% - 5.50% |
| Inflation.....                         | 2.00% | 2.25% | 2.00% - 2.75% | 2.00% - 2.50% | 2.00% - 2.50% |
| Real rate of return.....               | 4.00% | 4.25% | 2.25% - 3.85% | 3.50%         | 3.00% - 3.50% |
| Rate of salary increase.....           | 3.75% | 3.00% | 3.00% - 3.50% | 3.00% - 4.25% | 3.50%         |

Note A: Post-Secondary Education plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan.

Public School Division plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division.

Other plans include the Members of Legislative Assembly Pension Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan, and the Winnipeg Child and Family Services Employee Benefits Retirement Plan.

Note B: For those plans that the Government is unable to access surplus funds within the plan, adjustments are made to record an allowance against these surplus amounts. These pension surplus allowances represent the excess of the adjusted benefit asset over the employers' share of the expected future benefit.

Note C: The latest actuarial valuation report dates and the estimated average remaining service life (EARS), in years, are as follows:

|  | <u>Valuation Date</u> | <u>EARS</u> |
|--|-----------------------|-------------|
| - Civil Service Superannuation Plan.....   | Dec 2011              | 14.0        |
| - Teachers' Retirement Allowance Plan.....   | Jan 2012              | 11.9        |
| - University of Manitoba Pension Plans.....  | Dec 2012              | 9.0         |
| - University of Winnipeg Pension Plan.....   | Dec 2011              | 8.4         |
| - Brandon University Retirement Plan.....  | Dec 2012              | 10.0        |
| - Winnipeg School Division Pension Fund for Employees<br>Other than Teachers.....                | Dec 2010              | 13.0        |
| - Retirement Plan for Non-Teaching Employees of the<br>St. James-Assiniboia School Division..... | Dec 2009              | 13.0        |
| - Retirement Plan for Employees of Frontier School Division.....                                 | Dec 2009              | 13.0        |
| - Members of Legislative Assembly Pension Plan.....  | Mar 2012              | 6.0         |
| - Legislative Assembly Pension Plan.....   | Dec 2010              | 8.0         |
| - Judges' Supplemental Pension Plan.....   | Mar 2010              | 10.0        |
| - Winnipeg Child and Family Services<br>Employee Benefits Retirement Plan.....                   | Dec 2012              | 0.0         |

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**

For the Year Ended March 31, 2013  
(\$ millions)

SCHEDULE 7

|  | General Capital Assets |                                      |                        |                                |                           | Infrastructure        |                |                                      |                           | Totals       |              |
|--|------------------------|--------------------------------------|------------------------|--------------------------------|---------------------------|-----------------------|----------------|--------------------------------------|---------------------------|--------------|--------------|
|  | Land                   | Buildings and Leasehold Improvements | Vehicles and Equipment | Computer Hardware and Software | Assets Under Construction | Land and Improvements | Transportation | Dams and Water Management Structures | Assets Under Construction | 2013         | 2012         |
| <b>Cost</b>  |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Opening cost, as previously reported               | 214                    | 6,579                                | 2,325                  | 752                            | 843                       | 326                   | 3,618          | 520                                  | 341                       | 15,518       | 14,187       |
| Restatements                                       | -                      | 7                                    | (1)                    | 2                              | -                         | -                     | -              | -                                    | -                         | 8            | 8            |
| Reclassifications                                  | 1                      | 8                                    | (3)                    | -                              | -                         | (6)                   | -              | -                                    | -                         | -            | -            |
| Opening cost restated                              | 215                    | 6,594                                | 2,321                  | 754                            | 843                       | 320                   | 3,618          | 520                                  | 341                       | 15,526       | 14,195       |
| Add:   |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Additions during the year                          | 18                     | 400                                  | 165                    | 85                             | 194                       | 16                    | 388            | 31                                   | (24)                      | 1,273        | 1,441        |
| Less:  |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Disposals and write downs                          | -                      | (10)                                 | (49)                   | (17)                           | (3)                       | -                     | -              | -                                    | (1)                       | (80)         | (110)        |
| Settlements and reclassifications                  | -                      | 36                                   | 22                     | -                              | (59)                      | 9                     | 15             | 51                                   | (74)                      | -            | -            |
| Closing cost                                       | 233                    | 7,020                                | 2,459                  | 822                            | 975                       | 345                   | 4,021          | 602                                  | 242                       | 16,719       | 15,526       |
| <b>Accumulated amortization</b>                    |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Opening, as previously reported                    | -                      | 2,777                                | 1,572                  | 466                            | -                         | 57                    | 1,481          | 68                                   | -                         | 6,421        | 6,000        |
| Restatements                                       | -                      | 6                                    | 1                      | 1                              | -                         | -                     | -              | -                                    | -                         | 8            | 8            |
| Reclassifications                                  | -                      | (1)                                  | 1                      | 1                              | -                         | (1)                   | -              | -                                    | -                         | -            | -            |
| Opening accumulated amortization restated          | -                      | 2,782                                | 1,574                  | 468                            | -                         | 56                    | 1,481          | 68                                   | -                         | 6,429        | 6,008        |
| Add:   |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Amortization                                       | -                      | 169                                  | 139                    | 66                             | -                         | 5                     | 124            | 8                                    | -                         | 511          | 476          |
| Less:  |                        |                                      |                        |                                |                           |                       |                |                                      |                           |              |              |
| Accumulated amortization on disposals, write downs | -                      | (3)                                  | (42)                   | (18)                           | -                         | -                     | -              | -                                    | -                         | (63)         | (55)         |
| Closing accumulated amortization                   | -                      | 2,948                                | 1,671                  | 516                            | -                         | 61                    | 1,605          | 76                                   | -                         | 6,877        | 6,429        |
| <b>Net Book Value of Tangible Capital Assets</b>   | <b>233</b>             | <b>4,072</b>                         | <b>788</b>             | <b>306</b>                     | <b>975</b>                | <b>284</b>            | <b>2,416</b>   | <b>526</b>                           | <b>242</b>                | <b>9,842</b> | <b>9,097</b> |

During the year, the Province capitalized \$19 million of interest relating to assets under construction (2012 - \$16 million).

SCHEDULE 8

**FUNDS, ORGANIZATIONS AND BUSINESS ENTERPRISES  
COMPRISING THE GOVERNMENT REPORTING ENTITY**

**HEALTH AND HEALTHY LIVING**

Manitoba Health  
Manitoba Healthy Living, Seniors and Consumer Affairs  
Addictions Foundation of Manitoba  
Funeral Board of Manitoba  
CancerCare Manitoba  
Diagnostic Services of Manitoba Inc.  
Financial Literacy Fund  
Land Titles Assurance Fund  
Manitoba Health Services Insurance Plan  
Manitoba Hospital Capital Financing Authority  
Not-for-Profit Personal Care Homes  
Regional Health Authorities (including controlled organizations)  
    Interlake-Eastern Regional Health Authority  
    Northern Regional Health Authority  
    Prairie Mountain Health  
    Southern Regional Health Authority  
    Winnipeg Regional Health Authority  
Rehabilitation Centre for Children Inc.  
St. Amant Centre  
The Property Registry  
Vital Statistics Agency

**EDUCATION**

Manitoba Advanced Education and Literacy  
Manitoba Education  
Assiniboine Community College  
Brandon University  
Université de Saint-Boniface  
Council on Post-Secondary Education  
Manitoba Text Book Bureau  
Public School Divisions  
Public Schools Finance Board  
Red River College  
University College of The North  
University of Manitoba  
University of Winnipeg

**SCHEDULE 8**  
**(cont'd)**

**FAMILY SERVICES**

Manitoba Children and Youth Opportunities  
Manitoba Family Services and Labour  
First Nations of Northern Manitoba Child & Family Services Authority  
First Nations of Southern Manitoba Child & Family Services Authority  
General Child and Family Services Authority  
Métis Child and Family Services Authority Inc.  
Office of the Fire Commissioner  
Workplace Safety and Health Public Education Fund

**COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT**

Manitoba Aboriginal and Northern Affairs  
Manitoba Agriculture, Food and Rural Initiatives  
Manitoba Conservation and Water Stewardship  
Manitoba Entrepreneurship, Training and Trade  
Manitoba Housing and Community Development  
Manitoba Infrastructure and Transportation  
Manitoba Innovation, Energy and Mines  
Manitoba Local Government  
Abandonment Reserve Fund  
Biodiesel Fund  
Communities Economic Development Fund  
Community Revitalization Fund  
Co-operative Loans and Loans Guarantee Board  
Cooperative Promotion Board  
Crown Lands and Property Agency  
Economic Innovation and Technology Council  
Entrepreneurship Manitoba  
Ethanol Fund  
Farm Machinery and Equipment Act Fund  
Food Development Centre  
Green Manitoba Eco Solutions  
Manitoba Horse Racing Commission  
Industrial Technology Centre  
Leaf Rapids Town Properties Ltd.  
Manitoba Agricultural Services Corporation  
Manitoba Cattle Enhancement Council  
Manitoba Community Services Council Inc.  
Manitoba Development Corporation  
Manitoba Education, Research and Learning  
    Information Networks (MERLIN)  
Manitoba Floodway and East Side Road Authority  
Manitoba Gaming Control Commission



**SCHEDULE 8**  
**(cont'd)**

**COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd**

Manitoba Habitat Heritage Corporation  
Manitoba Hazardous Waste Management Corporation  
Manitoba Health Research Council  
Manitoba Housing and Renewal Corporation  
Manitoba Opportunities Fund Ltd.  
Manitoba Trade and Investment Corporation  
Manitoba Trucking Productivity Improvement Fund  
Manitoba Water Services Board  
Materials Distribution Agency  
Mining Community Reserve  
Mining Rehabilitation Reserve Fund  
Pineland Forest Nursery  
Quarry Rehabilitation Reserve Fund  
Taking Charge! Inc. / Se Prendre En Main! Inc  
Vehicle and Equipment Management Agency  
Veterinary Science Scholarship Fund  
Waste Reduction and Recycling Support Fund

**JUSTICE AND OTHER EXPENDITURES**

Legislative Assembly  
Executive Council  
Civil Service Commission  
Manitoba Culture, Heritage and Tourism  
Manitoba Finance  
Manitoba Immigration and Multiculturalism  
Manitoba Justice  
Manitoba Sport  
Civil Legal Services  
Crown Corporations Council  
Helen Betty Osborne Memorial Foundation  
Insurance Council of Manitoba  
Le Centre culturel franco-manitobain  
Legal Aid Manitoba  
Manitoba Arts Council  
Manitoba Combative Sports Commission  
Manitoba Centennial Centre Corporation  
Manitoba Film & Sound Recording Development Corporation  
Manitoba Law Reform Commission  
Manitoba Financial Services Agency  
Pension Assets Fund

**SCHEDULE 8**  
**(cont'd)**

**JUSTICE AND OTHER EXPENDITURES, cont'd**

Public Trustee of Manitoba  
Special Operating Agencies Financing Authority  
Sport Manitoba Inc.  
Travel Manitoba  
Venture Manitoba Tours Ltd.  
Victims Assistance Fund

**GOVERNMENT BUSINESS ENTERPRISES: (Schedule 3) (Note 4)**

**Utility:**

Manitoba Hydro-Electric Board

**Insurance:**

Deposit Guarantee Corporation of Manitoba  
Manitoba Public Insurance Corporation  
Workers Compensation Board

**Finance:**

Manitoba Liquor Control Commission  
Manitoba Lotteries Corporation

**SPECIAL ACCOUNTS, not attached to a Sector or Department**

Debt Retirement Account  
Fiscal Stabilization Account

**SUMMARY FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR**  
For the Year Ended March 31, 2013  
(\$ millions)

SCHEDULE 9

|  | Health and<br>Healthy Living |                | Education      |                | Family Services<br>and Labour |                | Community, Economic<br>and Resource<br>Development |                |
|--|------------------------------|----------------|----------------|----------------|-------------------------------|----------------|--|----------------|
|  | 2013                         | 2012           | 2013           | 2012           | 2013                          | 2012           | 2013   | 2012           |
|  | \$                           | \$             | \$             | \$             | \$                            | \$             | \$   | \$             |
| <b>REVENUE</b>                                   |                              |                |                |                |                               |                |  |                |
| Income taxes.....                                | -                            | -              | -              | -              | -                             | -              | -  | -              |
| Other taxes.....                                 | -                            | -              | 627            | 591            | -                             | -              | 18   | 29             |
| Fees and other revenue.....                      | 548                          | 585            | 580            | 571            | 48                            | 46             | 695  | 643            |
| Federal transfers.....                           | 1,072                        | 1,018          | 116            | 122            | 4                             | 3              | 294  | 438            |
| Contributions from entities within the           |                              |                |                |                |                               |                |  |                |
| Government Reporting Entity.....                 | 53                           | 7              | 51             | 70             | -                             | -              | 40   | 41             |
| Sinking funds and other investment earnings..... | 7                            | 4              | 9              | 7              | -                             | -              | 38   | 41             |
| <b>TOTAL REVENUE</b>                             | <b>1,680</b>                 | <b>1,614</b>   | <b>1,383</b>   | <b>1,361</b>   | <b>52</b>                     | <b>49</b>      | <b>1,085</b>                                       | <b>1,192</b>   |
| <b>EXPENSE</b>                                   |                              |                |                |                |                               |                |  |                |
| Personnel services.....                          | 3,202                        | 3,046          | 2,565          | 2,406          | 198                           | 190            | 418  | 418            |
| Grants/Transfer payments.....                    | 1,058                        | 1,061          | 56             | 91             | 286                           | 264            | 554  | 708            |
| Transportation.....                              | 60                           | 62             | 32             | 31             | 6                             | 6              | 35   | 34             |
| Communication.....                               | 13                           | 15             | 24             | 24             | 5                             | 5              | 18   | 18             |
| Supplies and services.....                       | 771                          | 767            | 380            | 365            | 43                            | 38             | 330  | 372            |
| Social assistance related.....                   | -                            | -              | 4              | 4              | 562                           | 531            | 710  | 842            |
| Other operating.....                             | 263                          | 277            | 361            | 330            | 15                            | 19             | 183  | 188            |
| Debt servicing.....                              | 52                           | 51             | 135            | 128            | 1                             | 1              | 228  | 208            |
| Minor capital.....                               | 15                           | 19             | 49             | 52             | 1                             | 1              | 10   | 15             |
| Amortization.....                                | 160                          | 148            | 127            | 122            | 5                             | 5              | 205  | 187            |
| <b>TOTAL EXPENSE</b>                             | <b>5,594</b>                 | <b>5,446</b>   | <b>3,733</b>   | <b>3,553</b>   | <b>1,122</b>                  | <b>1,060</b>   | <b>2,691</b>                                       | <b>2,990</b>   |
| <b>NET INCOME (LOSS) FOR THE YEAR</b>            | <b>(3,914)</b>               | <b>(3,832)</b> | <b>(2,350)</b> | <b>(2,192)</b> | <b>(1,070)</b>                | <b>(1,011)</b> | <b>(1,606)</b>                                     | <b>(1,798)</b> |

# SUMMARY FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR

For the Year Ended March 31, 2013

(\$ millions)

SCHEDULE 9

(cont'd)

|  | Justice and<br>Other Expenditures |              | General Government<br>(Note a) |              | Adjustments<br>(Note b) |              | Total         |                |
|--|-----------------------------------|--------------|--------------------------------|--------------|-------------------------|--------------|---------------|----------------|
|  | 2013                              | 2012         | 2013                           | 2012         | 2013                    | 2012         | 2013          | 2012           |
|  | \$                                | \$           | \$                             | \$           | \$                      | \$           | \$            | \$             |
| <b>REVENUE</b>   |                                   |              |                                |              |                         |              |               |                |
| Income taxes.....  | -                                 | -            | 3,302                          | 3,138        | -                       | -            | 3,302         | 3,138          |
| Other taxes.....   | -                                 | -            | 2,966                          | 2,767        | (39)                    | (37)         | 3,572         | 3,350          |
| Fees and other revenue.....  | 135                               | 101          | 2                              | -            | (10)                    | (40)         | 1,998         | 1,906          |
| Federal transfers.....   | 54                                | 51           | 2,413                          | 2,699        | -                       | 1            | 3,953         | 4,332          |
| Contributions from entities within the<br>Government Reporting Entity..... | 5                                 | 6            | 745                            | 740          | (175)                   | (151)        | 719           | 713            |
| Sinking funds and other investment earnings.....                           | 188                               | 197          | -                              | -            | -                       | -            | 242           | 249            |
| <b>TOTAL REVENUE</b>   | <b>382</b>                        | <b>355</b>   | <b>9,428</b>                   | <b>9,344</b> | <b>(224)</b>            | <b>(227)</b> | <b>13,786</b> | <b>13,688</b>  |
| <b>EXPENSE</b>   |                                   |              |                                |              |                         |              |               |                |
| Personnel services.....  | 486                               | 453          | 10                             | 38           | 15                      | 6            | 6,894         | 6,557          |
| Grants/Transfer payments.....  | 77                                | 95           | 66                             | 129          | (313)                   | (288)        | 1,784         | 2,060          |
| Transportation.....  | 9                                 | 10           | 19                             | 17           | -                       | 1            | 161           | 161            |
| Communication.....   | 12                                | 14           | -                              | 1            | -                       | -            | 72            | 77             |
| Supplies and services.....   | 202                               | 202          | 24                             | 203          | 57                      | 53           | 1,807         | 2,000          |
| Social assistance related.....   | 33                                | 32           | -                              | -            | -                       | -            | 1,309         | 1,409          |
| Other operating.....   | 29                                | 25           | 44                             | 199          | 17                      | 6            | 912           | 1,044          |
| Debt servicing.....  | 423                               | 436          | -                              | -            | -                       | (9)          | 839           | 815            |
| Minor capital.....   | 2                                 | 3            | -                              | -            | -                       | -            | 77            | 90             |
| Amortization.....  | 7                                 | 7            | 7                              | 3            | -                       | 4            | 511           | 476            |
| <b>TOTAL EXPENSE</b>   | <b>1,280</b>                      | <b>1,277</b> | <b>170</b>                     | <b>590</b>   | <b>(224)</b>            | <b>(227)</b> | <b>14,366</b> | <b>14,689</b>  |
| <b>NET INCOME (LOSS) FOR THE YEAR</b>                                      | <b>(898)</b>                      | <b>(922)</b> | <b>9,258</b>                   | <b>8,754</b> | <b>-</b>                | <b>-</b>     | <b>(580)</b>  | <b>(1,001)</b> |

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector.

Note b: Consolidation adjustments are necessary to conform sectors to Government accounting policies and to eliminate transactions between sectors.

## **OTHER FINANCIAL REPORTS**

**FOR THE YEAR ENDED**

**March 31, 2013**





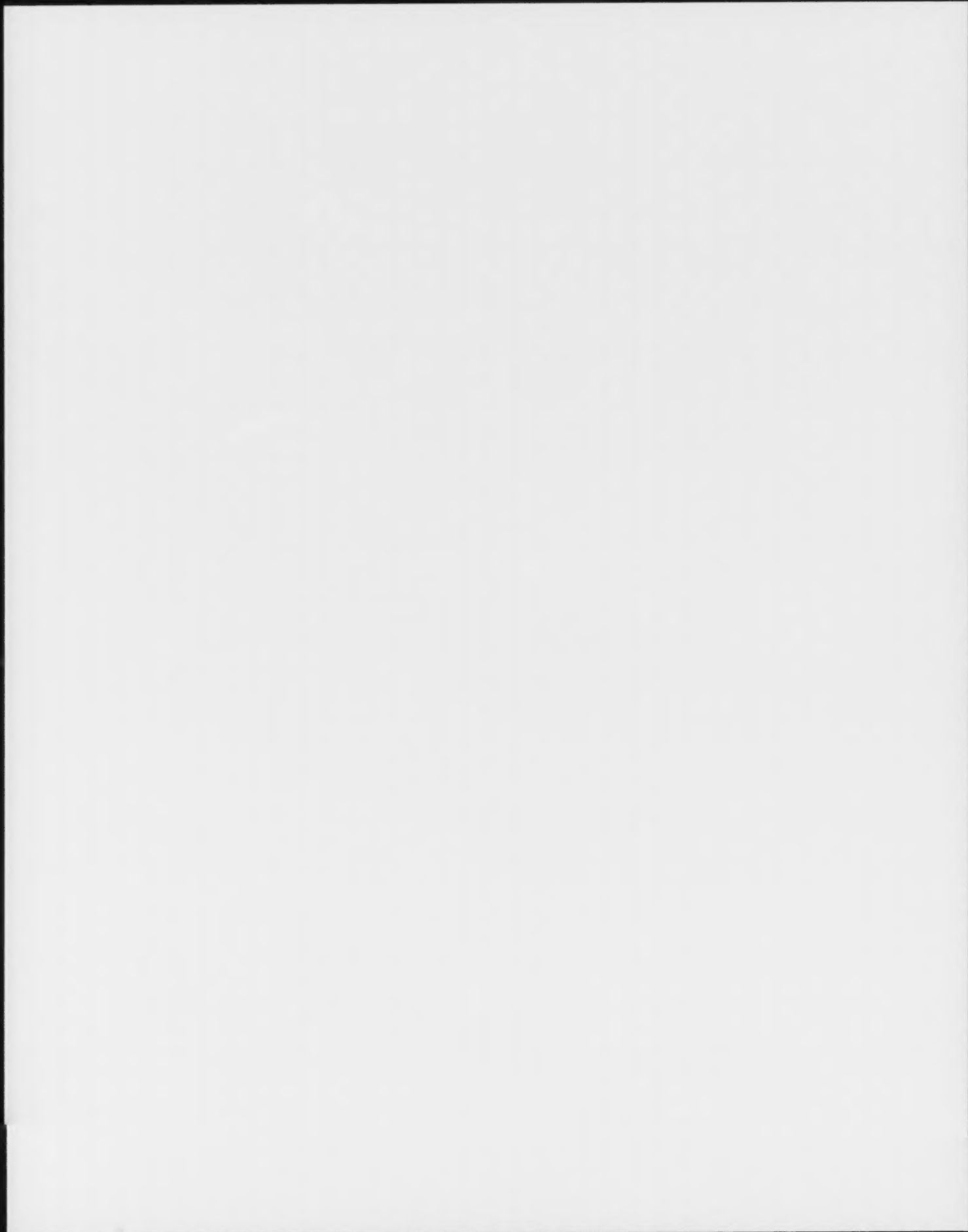
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## INDEPENDENT AUDITOR'S REPORT

### To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(ii) of the *Financial Administration Act*.

#### Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial information in the Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 is prepared, in all material respects, in accordance with section 65(1)(c)(ii) of the *Financial Administration Act*.

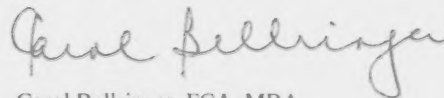
#### Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of Section 65(1)(c)(ii) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

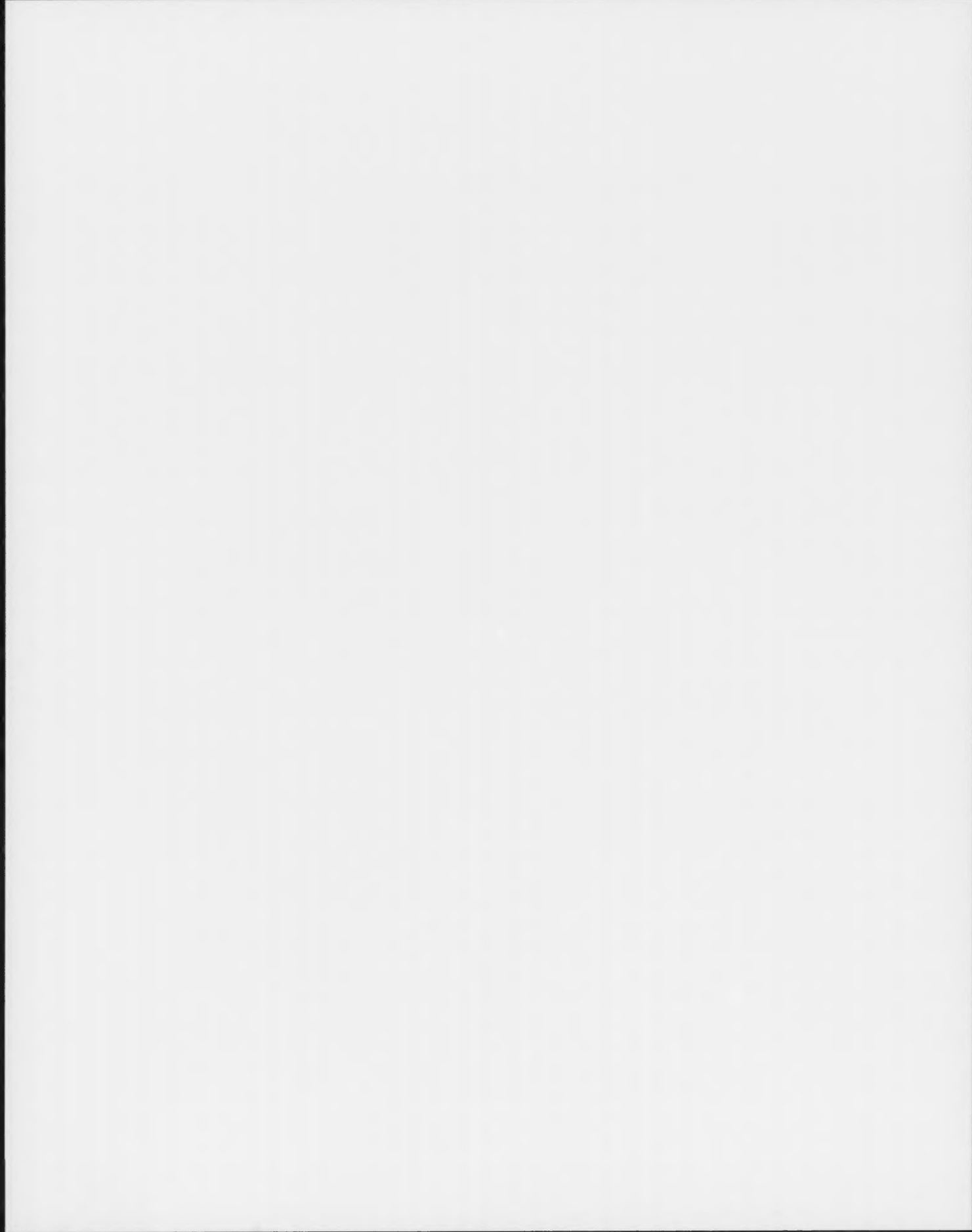
#### Unaudited Information

Without modifying our opinion, we draw attention to the Schedule of Supplementary Information which has been presented as unaudited information. The financial information in this schedule is not covered by our report and accordingly, we do not express an opinion on the information.

August 28, 2013  
Winnipeg, Manitoba



Carol Bellringer, FCA, MBA  
Auditor General



**FISCAL STABILIZATION ACCOUNT  
STATEMENT OF TRANSFERS  
AND ACCOUNT BALANCE  
For the Year Ended March 31, 2013**

|  | (\$ thousands)        |                       |
|--|-----------------------|-----------------------|
|  | 2013                  | 2012                  |
| Transfer to Core Government operations | (152,005)             | (155,401)             |
| Account Balance, beginning of year     | <u>526,538</u>        | <u>681,939</u>        |
| <b>Account Balance, end of year</b>    | <u><u>374,533</u></u> | <u><u>526,538</u></u> |



**FISCAL STABILIZATION ACCOUNT  
NOTES TO STATEMENT OF TRANSFERS  
AND ACCOUNT BALANCE  
For the Year Ended March 31, 2013**

1. The Fiscal Stabilization Account was established under the authority of subsection 26.1(1) of *The Financial Administration Act*. The Fiscal Stabilization Fund established under *The Fiscal Stabilization Fund Act* is continued as the Fiscal Stabilization Account. The legislated purpose of the Account is to assist in stabilizing the fiscal position by supporting core government operations in a fiscal year or to repay debt. Under subsection 26.1(3) the Minister of Finance, with the approval of the Lieutenant Governor in Council, may deposit in the Account any part of the revenue or other financial assets received in the core government in any fiscal year. Under subsection 26.1(4), the Minister of Finance may, with the approval of the Lieutenant Governor in Council, transfer all or part of the Account balance to the core government.
2. Transactions in the Fiscal Stabilization Account are accounted for on an accrual basis and reflect the transfers made under Section 26.1(3) and 26.1(4) of *The Financial Administration Act*. Transfers are determined by the Minister of Finance and are authorized with an Order in Council. The report on these transactions is made in accordance with Section 65(1)(c)(ii) of *The Financial Administration Act*.
3. It is the Government's policy to divide the Fiscal Stabilization Account into two programs, the Health Program and the General Program, as presented in the attached, unaudited Schedule of Supplementary Information. Funds were allocated to the Health Program based upon funds received from the Federal Government for Wait Time Reduction programming and Other Health Related programming.
4. Subsection 26.1(2) of *The Financial Administration Act* stipulates that the Minister of Finance shall make every effort to ensure that the balance of the Account at the end of each fiscal year is at least 5% of the core government expenditures for that year. As authorized under amendments to *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act*, Part 4.1, during the 5 year economic recovery period the Minister is directed to transfer at least \$600 million from the Fiscal Stabilization Account to the core government to support the amortization of increases in general purposes debt, including related interest expenses, attributable to negative net results for fiscal years within that period.

**FISCAL STABILIZATION ACCOUNT  
SCHEDULE OF SUPPLEMENTARY INFORMATION  
(Unaudited)  
For the Year Ended March 31, 2013**

|   | (\$ thousands) |                |
|---|----------------|----------------|
| <b>Fiscal Stabilization Account by Program</b>                | <b>2013</b>    | <b>2012</b>    |
| <b>Health Program</b>   |                |                |
| Account Balance, beginning of year                            | 7,834          | 32,834         |
| Health Program Transfers                                      |                |                |
| - Wait Time reduction Programming                             | (7,834)        | (25,000)       |
| Account Balance, end of year                                  | -              | 7,834          |
| <b>General Program</b>  |                |                |
| Account Balance, beginning of year                            | 518,704        | 649,105        |
| General Program Transfers                                     |                |                |
| - Health Program  | 7,834          | 25,000         |
| - ecoTrust  | (4,171)        | (6,401)        |
| - Transfer for General Purpose debt reduction                 | (140,000)      | (110,000)      |
| - Transfer for General Purpose debt servicing costs           | -              | (14,000)       |
| - Transfer to Core Government - allocated to general purposes | (7,834)        | (25,000)       |
| Account Balance, end of year                                  | 374,533        | 518,704        |
| <b>Total Account Balance, end of year</b>                     | <b>374,533</b> | <b>526,538</b> |





## INDEPENDENT AUDITOR'S REPORT

### To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(i) of the *Financial Administration Act*.

#### Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

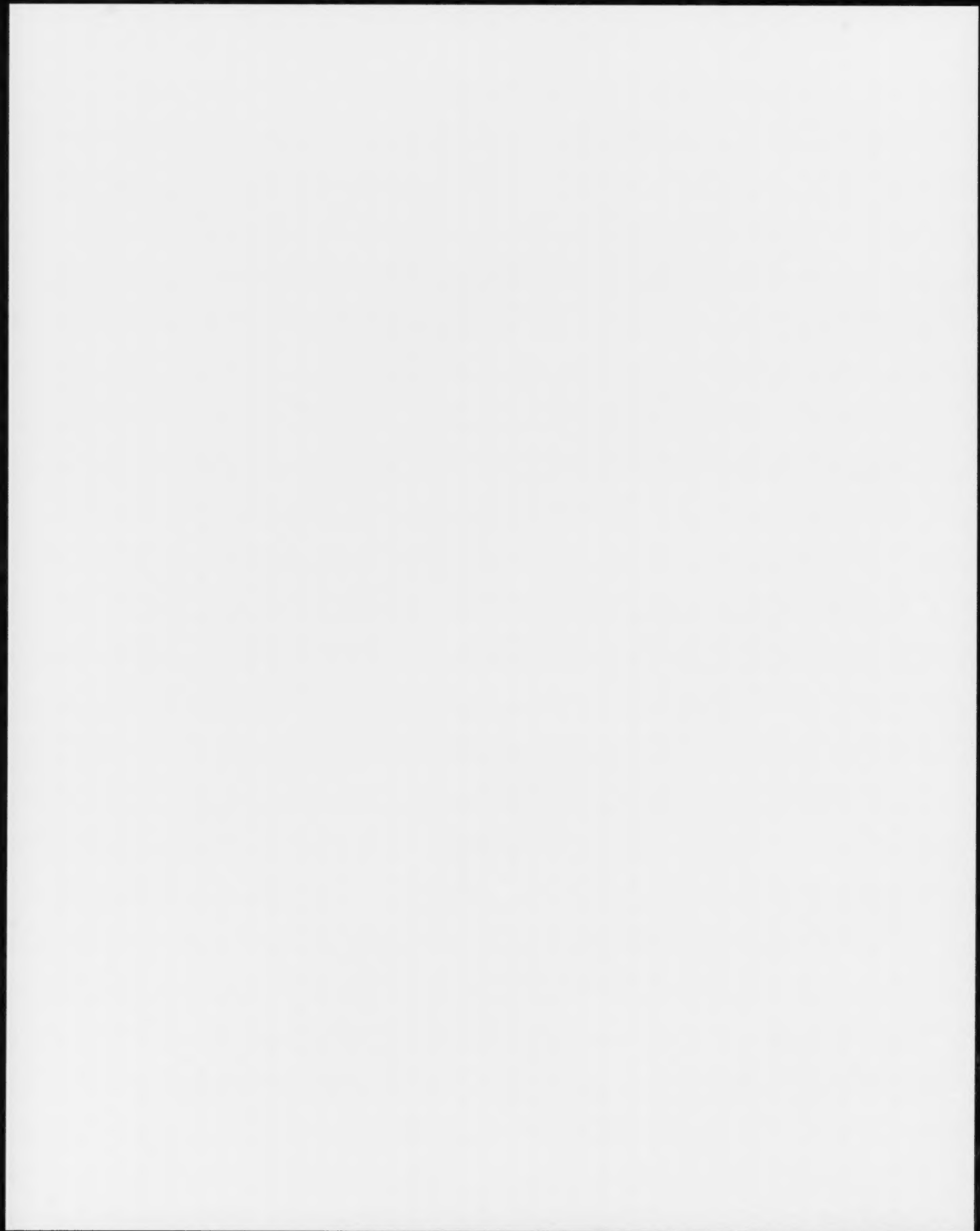
In our opinion, the financial information in the Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 is prepared, in all material respects, in accordance with section 65(1)(c)(i) of the *Financial Administration Act*.

#### Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of section 65(1)(c)(i) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

Carol Bellringer, FCA, MBA  
Auditor General

August 28, 2013  
Winnipeg, Manitoba



**DEBT RETIREMENT ACCOUNT  
STATEMENT OF TRANSFERS  
AND ACCOUNT BALANCE**

**For the Year Ended March 31, 2013**

|                                     | <b>2013</b> | <b>2012</b> |
|-------------------------------------|-------------|-------------|
| <b>Account Balance, end of year</b> | <b>-</b>    | <b>-</b>    |

**Notes to Financial Information**

1. The Debt Retirement Account was established under the authority of *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act* (Act). The Debt Retirement Fund established under the Act is continued as the Debt Retirement Account. The purpose of the Account was to assist in the orderly repayment of debt pursuant to the Act.
2. Transactions in the Debt Retirement Account are accounted for on an accrual basis. Transfers to the account are made in accordance with Sections 13(2) and 13(3) of the Act. Transfers from the account are made in accordance with Section 14(1) and 14(2) of the Act. The report on these transactions is made in accordance with Section 65(1)(c)(i) of *The Financial Administration Act*.
3. In accordance with subsection 14(2) of the Act, which requires the balance of the debt retirement account to be transferred to the Core Government at least once every five years for the purpose of reducing general purpose debt, the Government transferred \$145 million from the Debt Retirement Account to the Core Government on April 14, 2010.
4. Subsection 13(2) of the Act was amended to not apply to those periods falling within the economic recovery period, ending March 31, 2014, and as a result there was no transfer from Core Government operations for the specific purpose of reducing general purpose debt and pension obligations. Consequently there was no transfer from the Debt Retirement Account for the specific purpose of providing for the future retirement of pension obligations in accordance with subsection 14(1) of the Act.





**SUMMARY FINANCIAL STATEMENTS  
CONSOLIDATED DETAILS AND RECONCILIATION  
TO CORE GOVERNMENT RESULTS**

For the Year ended March 31, 2013

Unaudited  
(\$ millions)

|   | 2013               |                          |                 | 2012               |                          |                 |
|---|--------------------|--------------------------|-----------------|--------------------|--------------------------|-----------------|
|   | Core<br>Government | Consolidation<br>Impacts | Summary<br>2013 | Core<br>Government | Consolidation<br>Impacts | Summary<br>2012 |
| <b>REVENUE</b>  |                    |                          |                 |                    |                          |                 |
| Income taxes.....   | 3,302              | -                        | 3,302           | 3,121              | 17                       | 3,138           |
| Other taxes.....  | 3,078              | 494                      | 3,572           | 2,916              | 434                      | 3,350           |
| Fees and other revenue.....   | 542                | 1,456                    | 1,998           | 515                | 1,391                    | 1,906           |
| Federal transfers.....  | 3,680              | 273                      | 3,953           | 4,053              | 279                      | 4,332           |
| Net income from government business enterprises.....                | 558                | 161                      | 719             | 597                | 116                      | 713             |
| Sinking funds and other investment earnings.....                    | -                  | 242                      | 242             | -                  | 249                      | 249             |
| <b>TOTAL REVENUE.....</b>   | <b>11,160</b>      | <b>2,626</b>             | <b>13,786</b>   | <b>11,202</b>      | <b>2,486</b>             | <b>13,688</b>   |
| <b>EXPENSES</b>   |                    |                          |                 |                    |                          |                 |
| Health and Healthy Living.....                                      | 5,077              | 410                      | 5,487           | 4,901              | 427                      | 5,328           |
| Education.....  | 2,327              | 1,242                    | 3,569           | 2,262              | 1,127                    | 3,389           |
| Family Services.....  | 1,108              | (46)                     | 1,062           | 1,049              | (36)                     | 1,013           |
| Community, Economic and Resource Development.....                   | 2,175              | 230                      | 2,405           | 2,290              | 444                      | 2,734           |
| Justice and Other Expenditures.....                                 | 930                | 74                       | 1,004           | 1,360              | 50                       | 1,410           |
| Debt Servicing.....   | 233                | 606                      | 839             | 236                | 579                      | 815             |
| <b>TOTAL EXPENSES.....</b>  | <b>11,850</b>      | <b>2,516</b>             | <b>14,366</b>   | <b>12,098</b>      | <b>2,591</b>             | <b>14,689</b>   |
| <b>Net Income (Loss) before Transfers for Expense Recovery.....</b> | <b>(690)</b>       | <b>110</b>               | <b>(580)</b>    | <b>(896)</b>       | <b>(105)</b>             | <b>(1,001)</b>  |
| Transfer (to) from Fiscal Stabilization Account.....                | 12                 | (12)                     | -               | 45                 | (45)                     | -               |
| <b>Net Result before Transfers for Debt Repayment.....</b>          | <b>(678)</b>       | <b>98</b>                | <b>(580)</b>    | <b>(851)</b>       | <b>(150)</b>             | <b>(1,001)</b>  |
| Transfer (to) from Fiscal Stabilization Account.....                | 140                | (140)                    | -               | 110                | (110)                    | -               |
| <b>NET RESULT FOR THE YEAR AFTER TRANSFERS</b>                      | <b>(538)</b>       | <b>(42)</b>              | <b>(580)</b>    | <b>(741)</b>       | <b>(260)</b>             | <b>(1,001)</b>  |

